

TRANSCRIPT

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**TRANSCRIPT OF IOWA FARM BILL FORUM
WITH AGRICULTURE SECRETARY MIKE JOHANNIS
AND MODERATOR KEN ROOT OF WHO IN DES MOINES
AT THE IOWA STATE FAIR
IN DES MOINES, IOWA
ON AUGUST 11, 2005**

GOVERNOR TOM VILSACK: [In progress] who need to have input on your deliberations as you begin the crafting of the nation's Farm Bill for 2007. As the Governor of a state that now leads the nation in economic growth, I can tell you that we look in the numbers. Deep in the numbers we find that much of our recent success is tied to what's happening on our farms in our rural communities. So the Farm Bill is critical to the success of our state.

I offer three very short suggestions for your consideration and then I want to turn it over to my colleagues.

First, all of us are concerned about the survival of family farms and small producers. In a day and age where we are seeing a consolidation of purchasing from large chain and grocery stores putting pressure on processors, it may be appropriate and necessary for producers to find a way to align themselves together so that their purchasing power is as strong as those that they are negotiating with. We would appreciate an opportunity if such alliances take place that there be protections against any kind of retaliation as farmers group together in a cooperative venture to ensure that they get fair and decent prices for what they produce. Also, we would hope that contracts are as transparent as possible so that everyone knows what the rules of the game are and hope that those rules don't change in the middle of the game.

The second concern I would express to you is that part of our recent success is a result of farmers all across this great state understanding their primary responsibility to conserve the land and improve water quality. And as you said during your news conference, there is no better steward of the land than those who farm the land.

Our hope is that the Farm Bill of 2007 continues the progress that we've seen in Iowa in encouraging buffer strip, wetland restoration and that we treat conservation as if it were a commodity and support it as such. We think that that will help farmers. It will also help the country in negotiations with trade and it will also obviously be great for the environment.

Last, and certainly not least, as you face budget pressures, and there are calls for limitations, our hope is that as those limitations are imposed, that resources are still preserved for rural development. You are in a state that has approximately 70 percent access to broadband Internet and our goal is to get to 100 percent.

The Farm Bill, and rural development components of that Farm Bill, are critical to an expansion of that technology, which will in turn create more economic opportunity for our smaller communities.

So the state that is number one in corn and beans and hogs, the state that's number one in egg production, the state that's number one in economic activity, number one in buffer strips and wetlands, has a great interest in the Farm Bill. And we appreciate you being here this afternoon to listen to our concerns and to take them into consideration. It's always good to see you back home. Thank you.

[Applause.]

MODERATOR: Thank you very much. Now I would like to recognize Congressman Jim Nussell to speak with us today.

He's not here? How about Congressman King? Is Congressman King here anywhere? Yes, there you are, Steve.

CONGRESSMAN STEVE KING: Thank you, Ken. I did RFID some calves here a couple weeks ago and if that recommendation for the media, I would be happy to do yours for you.

MODERATOR: I want a chip.

CONGRESSMAN KING: I appreciate the chance to have our Secretary here, Secretary Johanns, I believe. I'm looking forward to working this next Farm Bill together with him, an individual born and raised in Iowa, grew up here, knows what we are about. This is Midwest agriculture. It's corn and beans and oats and hay. And now it's also eggs and ethanol and biodiesel, and all the things that we know are the foundation for our economy.

We are going to have a partner to negotiate our new WTO trade negotiations, too; someone who sees this from an ag perspective, someone who is proactive, someone who impresses me with judicious use of his words and his intellect in a way that I think the words are always carefully spaced and carefully placed and they mean a lot. When I listen to Secretary Johanns, I know that there is a lot of wisdom behind the words that he uses.

The things that I am looking at, and I serve on the House ag committee, and we have been working on a series of issues. And it's laying a foundation for the new Farm Bill coming up. But certainly the Energy Bill being passed and just signed into law is a huge thing for us in the Midwest. Because we are going to be able to have better access to more natural gas is going to be hugely significant for the costs of our nitrogen fertilizer and our drier gas. That's a big piece of the Energy Bill. Biodiesel and ethanol come with that.

We are working on a grassland program, too. We know that there is going to be a significant amount of CRP that's going to come out in the next three to four years. As that rolls out, we want to see a lot of that stay in grass or be seeded back to managed pasture. We are putting that plan back together. We are going to be working with this new Secretary. This is a listening event we have here today. And I'm looking forward to hearing from all of you, as we all are. Thank you very much.

[Applause.]

MODERATOR: Thank you very much, Congressman King.

[Applause.]

MODERATOR: We are also pleased to have both of our United States Senators here with us today. I would first like to call on Senator Tom Harkin to make remarks. Senator Harkin.

SENATOR TOM HARKIN: Thank you very much. And thank you all for being here. And thank you again, Mr. Secretary, for coming back to your homeland and hearing input on the Farm Bill. I think that's important that you hear from Iowans on this Farm Bill.

In the last Farm Bill that I was privileged to be Chairman of the Agriculture Committee when we wrote it and I think the 2002 Farm Bill was a pretty good Farm Bill. I think it's done some good here in the State of Iowa and around the country. We did the same thing. We went around and had a lot of hearings. In fact, perhaps the signature part of that bill, the Conservation Security Program, while I may have put the words on paper, the ideas came from farmers who said that they needed some assistance in providing for conservation on working lands, and not just taking land out of production. That's what the CSP has been doing.

I think it's important to remember also that while we are looking at the next Farm Bill, we still have two more years to go on the present Farm Bill. Quite frankly, I think we should build on that. No bill is perfect. There have been some problems in carrying it out. But we wrote a strong bipartisan bill in the Senate and in the House and in conference in 2002. President Bush, when he signed it into law, said that one of the reasons he was signing it was because of the conservation measures. We had the biggest increase in conservation of any Farm Bill ever passed: 80 percent increase in funding for conservation. We put in the CSP program also in that. We had rural development initiatives. The first ever energy title ever put in a Farm Bill was put in the 2002 Farm Bill.

By the way, while I'm talking about energy, we just passed an Energy Bill that was just mentioned here that's going to be big for Iowa. We had passed eight billion gallons in the Senate, requirement by 2012, the House had five, And we came out of conference with seven and one-half billion gallons of ethanol. That means we are going to double ethanol and biodiesel use by 2012. So we are going to build more plants in the state of Iowa.

[Applause.]

SENATOR HARKIN: We want to hear about the next Farm Bill, but there are still some things I want to focus on in the present Farm Bill. Billions of dollars that we put in the 2002 Farm Bill have been taken away for disaster payments. Money that was in there for CSP programs were taken out to pay for disasters. That's not right. That shouldn't have been done. Disaster payments should be paid for like we pay for hurricanes or tornadoes or anything else. We don't penalize Florida and take it out of money when we help them with a hurricane that hits. And when farmers have a drought or they have a disaster, we shouldn't take it out of a farm program to pay for it. So we've taken about \$4 billion out of the CSP program, even though we have saved \$15 billion for the U.S. Treasury for our taxpayers under this Farm Bill that could have been spent. But we saved it for the taxpayers of this country.

So I am hopeful that some of the things that we had in there, like the biobased initiatives, a provision in the Farm Bill that mandates that the federal government has to give a preference to buying biobased products. It's in there. Every department. Even the Department of Defense, the Department of Interior, they must -- shall -- they have to give a preference to biobased

products. Yet it's not being carried out. We should do that. That's a big future for our agriculture.

So while I want to look ahead to the next Farm Bill, we have two years left on this one. Let's make the CSP work better. Let's get biobased products purchased by the federal government. Let's get broadband to all our rural communities all over this state and all over this country. Let's get rural business investment programs and venture capital that's in the Farm Bill, let's get that out to our rural community. So I hope that we can work for the next two years to carry out this Farm Bill, build on it and make a better Farm Bill for the future.

Thank you very much.

[Applause.]

MODERATOR: Thank you very much, Senator Harkin. I am so disappointed with our House of Representatives that they didn't hold the line on that five billion gallons. They had eight, you had five, and you wound up giving them almost all of it.

[Laughter.]

MODERATOR: Way to go, buddy. All right.

Now, Senator Grassley, we didn't forget you. We saved you for last because along with your remarks we would also like to have you introduce the Secretary of Agriculture. Our senior Senator, Chuck Grassley.

[Applause.]

SENATOR CHARLES GRASSLEY: Thank you.

It's a privilege for me to be here with the Secretary and our Governor, the Secretary of Agriculture for Iowa, Patty Judge, and members of Congress that are here with us. Particularly my junior colleague from Iowa, Senator Harkin, who is the voice of agriculture for his party. And that's a compliment.

[Laughter.]

SENATOR GRASSLEY: We are here in the spirit of representative government. Those of us that serve in public office are one half of the process of representative government. You folks that are our constituents are the other half and you can't have representative government if you don't have dialogue between those of us elected and those that we serve. So we are here in the spirit of representative government, as your Secretary of Agriculture and us, as members of Congress, to fulfill what our system of government is all about: listening and talking and having dialogue and reaching consensus.

For me, on the next Farm Bill, before I introduce you, just two points. One, I'm going to be looking for things in the next Farm Bill that will produce competitiveness for our family farmers. Things like making sure that we have hard caps so 10 percent of the farmers don't get 72 percent of the benefits out of the farm program so that we lose urban support for our familiar in the House of Representatives. It seems to me that we ought to target our Farm Bills towards medium and small farmers like we've traditionally done. And we need to wipe out all the legal and illegal subterfuge that there is now going on to get around those payment limits that are in the Bill.

In addition to that, I think eliminating packer ownership of livestock so that farmers do not have the unfair competition of packing houses slaughtering their own cattle when prices are high and buying from farmers when prices are low. It seems to me it would be a very unfair situation for the family farmers.

The other area that is more my responsibility than maybe your responsibility, but to make sure that we have a sound tax policy so that young farmers can get started farming.

It is my privilege to introduce Secretary Johanns to you. For Iowans of northern Iowa he needs no introduction. He is a person that was born in Mitchell County, as you know. He left Iowa to go to law school. He ended up in Nebraska. I suppose that makes him a Big Red fan after being a Hawkeye fan first. But he went to law school there, developed a very good practice of law, served on the City Council, Mayor of Lincoln. He then ended up being governor of the state of Nebraska following the same path as our own governor did as well. He was elected and reelected and then in the middle of his second term was chosen by President Bush to be the Secretary of Agriculture.

For people, under the necessity of understanding the role of the family farm and our agriculture with a background that he has on being born on a Mitchell County farm, being a dairy farmer, being the leader of the state of Nebraska, which is very much an agricultural state as well, we could not ask for a person who is more grounded in the principles of the family farm than Secretary Johanns. And we are glad that you are here to listen and to make the process of representative government work. Welcome.

[Applause.]

MODERATOR: Thank you, Senator.

SECRETARY MIKE JOHANNNS: Well, thank you very much. What a warm welcome and what a warm welcome home. I always tell this story when something like that happens.

A few years back, I was elected governor of Nebraska. And in that period of time between getting elected and getting sworn in, I was invited to come to Kearney, Nebraska and give a speech. And that's kind of in the central part of the state, so Stephanie and I, my wife and I drove out there. And we get out there and a nice introduction just like the Senator did, and as I'm making my way up to the podium everybody stood up and applauded. So I go to the podium and I said, you know, that's really very nice of you, but I haven't done anything yet. And somebody in back yelled out, and when you do, we won't be standing.

[Laughter.]

SECRETARY JOHANNNS: It is great to be back in Iowa. I see relatives. I come to Iowa and I see relatives Dick and Barb Johanns are there right in the front row. Stand up.

[Applause.]

SECRETARY JOHANNNS: They're here because if I say something you don't like, they'll be handling the complaints at the end here. I tell people I did grow up on that dairy farm in Mitchell County, Iowa. My father had four children, three sons. And my father's idea of building character in his sons was he handed us a scoop shovel or a pitch fork and we went to the barn or we went to the hog house and we stood knee-deep in you-know-what and we pitched

away. I tell people, little did John know that what he was really doing was preparing his youngest son, Mike, for his career in politics. Right?

[Laughter.]

SECRETARY JOHANNIS: I do want to thank -- geez, what a turn out. This is our fifth forum. We will be doing these all over the country. This is really a credit to your elected officials. We have had individual Senators show up and individual House members, but I think this is a first where we have had nearly a complete delegation. Both Senators, your Governor, your Secretary of Agriculture. Patty, it's good to see you. Congressman. And we talked a little bit before we came in here at a news conference and Congressman Nussle was with us. So I think that indicates, ladies and gentlemen, the value that these elected officials place in what you do, which is agriculture. So to each and every one of them, I just want to say how much I appreciate them being here.

And Senator, Mr. Chairman, thank you very much for those kind words of introduction. I do appreciate it.

We had some people from the ROTC, U.S. Army, Junior ROTC in here earlier. We thank them for the presentation of the colors. Then we had three 4-H member: Alisha King, Victoria Morales, and Adalina Morales -- is that how you pronounce that -- that were here and they led us in the pledge. Thank you so much for that.

To the Iowa State Fair organizers, thanks for the hospitality. And, wow, what a great crowd. We appreciate it.

Then our USDA staff. They always work hard to put these together and I want them to know how much I enjoy working with them and appreciate their good work.

I am excited to be home. As you know, I was born and raised here. I talk often about those years on that Iowa dairy farm and what a profound impact they have had on my life. In the state of Nebraska, when you go west of Lincoln, especially, and west of Grand Island, especially, it becomes very rural area. In fact, out in western Nebraska, it's cattle country. So it's large ranches. We call that the "third district." It's actually the third congressional district.

When I ran for Governor of Nebraska, I ran an ad out there on the radio that said, I grew up on a dairy farm. And after growing up on a dairy farm with John and Adeline Johanns, everything in life has been easy after that. And people really connected with that. When we would go across the state, they would say, you know, I grew up on a dairy farm. It really was a connection and it's just great to be back here in my home state.

The Governor pointed out so many areas where Iowa is a leader in conservation, in agriculture, this wonderful state fair that you have here. Reference was made to the Energy Bill and seven and one-half billion renewable fuel standard. I want to emphasize what everybody has referenced here, and that is, this is a big deal for agriculture. You are a big ethanol state. You're a national leader when it comes to ethanol and biodiesel development. The Governor was telling me about a biodiesel plant.

So as we think about farm policy today, one of the things to keep in mind is that farm policy is much more than just passing a Farm Bill every five years. That's very important, but it's tax policy, it's trade policy. Twenty-seven percent of our receipts come from trade, very, very important. It is energy policy. All of those things fit together to make good farm policy. So if I could mention that.

I also want to bring greetings from a great friend of yours. I just saw him this week on his ranch in Crawford. And that's the President of the United States. I went down there as a part of his economic team to talk about what we are doing. And every time I see him, and this was no exception, he wants to know about the forums. What are you hearing? What are people talking about? He was the one that encouraged me, President Bush, to get out across the country to talk to farmers and ranchers and producers and those in production agriculture about what's on their minds. So it really is at his direction that we are here today.

I told him I was going to be in Iowa and of course he knows I grew up in Iowa so he said, please send my warm welcome to all of the folks in Iowa. But he also sent me with a recorded message. And, Terri, if our timing is right, I think we are ready to hear -- I hope we're ready to hear from the President. If not, then my greeting will -- no, we are going to go on. But he does send his warm regards out here to Iowa.

Well, I had a confirmation hearing earlier this year in January. It's part of the steps you take to become confirmed. One of the things I said to the Senate Ag Committee is that I believe that the best ideas oftentimes occur not in a government office, but they occur out in the country. I went on to say that as Secretary of Agriculture, it was my intention to get beyond the beltway where we could hear ideas. Senator Harkin referenced the fact that an idea for the conservation title of the Farm Bill came from discussions with producers. We have challenges ahead. This is an evolving industry.

The farm I grew up on is a very different operation today than when I grew up on that basically quarter-section dairy farm, 30 cows, some cattle, some hogs. I raised hogs to put myself through college. It's a very different operation than it was back then.

We want to do everything we can to listen to people about what this Farm Bill should be for the future. Because, keep in mind, ladies and gentlemen, when we pass a Farm Bill in 2007, in all likelihood it will be a Farm Bill that lasts into the next decade through 2012. And it has big impact and it will have a big impact on the next generation.

We are going to be doing these forums all across the country. Tomorrow we will be in California and next week I'll be in Pennsylvania. We have under secretaries going across the country as well as my deputy.

The first thing, before I sit down, I want to emphasize, as I am here with an open mind, mostly what you are going to see of me over the few hours we have together is me sitting here taking notes. Not going to offer a lot of reaction to your comments. What I want to do is hear from you.

The second thing I would offer to you is this, if you have a specific problem, the USDA isn't treating me right on this program or that program, we have USDA people here to help you with that. We want a bigger vision today. We want to hear from you about agriculture. We are worried and concerned about your specific problem, but let us help you with that from the USDA standpoint. We want to hear about the Farm Bill today.

We have six questions. The brochures that were handed out list these questions. The first one relates to the challenges for the next generation of farmers. Our policy should welcome the next generation of farmers so we asked questions about unintended consequences. We have had many appear at our farm forums and raise the issue of land costs, cash rent costs, the impact that that is having on the next generation.

The second question relates to something that Senator Grassley mentioned, and that is competitiveness. How do we remain competitive? You know, probably when I grew up, my competition might have been South Dakota or North Dakota or Nebraska. The competition today, you are raising corn and soybeans for people on the other side of the world. Twenty-seven percent of the receipts for agriculture now come from trade. It is a very important thing. And if you want to know where your competition is in soybeans, I will tell you, ladies and gentlemen, you're going to have to make quite a trip to see it. But it's something to behold. I'm talking about Brazil. Competition is real there. And you can't ignore it. And we need to be prepared as we talk about this next Farm Bill.

The third question relates to the farm program benefits. Reference again was made by Senator Grassley about payment limitations. The big question is, are we distributing benefits appropriately under the Farm Bill? Some argue that the program benefits actually encourage larger farm operations instead of protecting those families who want to farm.

The fourth question relates to conservation. What are we doing in conservation that you like? What would you like to see us do more of?

And then the fifth question is rural economic development. The USDA is very heavily involved in rural economic development. I've had people representing nursing homes in a number of rural economic development areas show up at these farm forums and say, we like this program. So rural economic development is the fifth area.

Then the last area is the expansion of ag products, markets and research. Again, I will point out to you, the farming today, the round-up-ready products, you know, the soybeans when you drive by a field and just see it perfectly clear, it's remarkable what's happened with agriculture in science and technology. How do we prepare ourselves for the next generation and adopt the right policies for the next generation of research end products?

Let me just wrap up and say, that's about as much as you're going to hear from me during this entire forum. I've got an ink pen full of ink and I have plenty of note cards and now it's your chance to speak to us.

Thank you very much.

MODERATOR: Thank you, Mr. Secretary.

[Applause.]

MODERATOR: At this time I would like to allow our remaining Congressional delegation and Governor to step down to more comfortable seating for a little while if you would like.

Governor, thank you very much for inviting us to your home, all 135 of us at WHO, for dinner next week.

[Laughter.]

MODERATOR: You are just across the street. So we will be there. So thank you very much for being here, sir.

GOVERNOR VILSACK: Thank you.

MODERATOR: Congressman King. Listen, the reason I didn't get your name right is we refer you to as Anwar nowadays.

CONGRESSMAN KING: [Inaudible.] I'll be happy to take that.

MODERATOR: Good to see you, sir.

And Senator Harkin, glad to have you with us today.

SENATOR HARKIN: Thank you.

MODERATOR: And, by the way, let's do the 20th Farm Aid together, shall we?

SENATOR HARKIN: Well, yeah, I'm going to do that. It's in Illinois, you know?

MODERATOR: It's in Illinois. Why not, 20 years later.

And, Senator Grassley, good to see you up here. Are you going to make the parade through the large livestock and everything on a stick?

SENATOR GRASSLEY: Everything. I've got eight family members here I've got to meet up with.

MODERATOR: All right. Very good, sir.

Mr. Secretary, how are you today?

SECRETARY JOHANNIS: I am doing great.

MODERATOR: Good. We have a few ground rules for people. I am not Orion Samuelson. I am working out on the far edge of my intelligence, as you are going to find out during the course of the time that we are here.

We have open microphones in just a moment for any of you who would like to ask or like to make any comments that reflect on the outlined questions that the Secretary has posed regarding the next Farm Bill. We do have a requirement that you keep your comments to two minutes or less. I have two ladies over here enforcing this, not to mention several highway patrol around the area.

[Laughter.]

MODERATOR: And they are going to show you their three lights, if you would. So green, yellow, at one minute and a half, and red means to please wrap up as quickly as possible. And we would love for you to be able to finish these in two minutes without harassment.

We would now like to have the first two questions. And by the way a microphone will be here and a microphone is here as well. We are also having this taped by C-Span and C-Span will be running this on an as-live basis in the weeks to come.

We have, at the Secretary's request, two young people to give our first two comments of the day. First is Alicia Clancy from Carroll County. She is a collegiate 4-H member, a senior at Iowa State University majoring in journalism and ag communications. Alicia, please.

MS. ALICIA CLANCY: Thank you very much. I am here today representing the 125,000 youth that make up the 4-H program in Iowa. I am like many of these people. I took part in educational presentations and public speaking contests just down the road at the 4-H building. And I have prepared, exhibited, and sold my livestock projects right here in this very building.

Like many 4-Hers in Iowa, I also grew up around production agriculture on a family farm. I am the fifth generation to live and work on our family farm in Carroll County, where we have a 180-acre operation where we raise corn, beans, and livestock.

Two months ago, at a family reunion, dozens of my relatives took pride in commenting on how important our farm has been to their family heritage. And I had a lot of pride knowing that I am living and working on the same land that my great grandparents did.

This summer my parents purchased that farm from my grandparents' estate. A long, educational and very expensive process. Now my parents plan to pass that farm down to my two younger sisters and I.

As noted, this spring, I will graduate from Iowa State University with a degree in journalism and agriculture administration. With the wealth of 4-H and internship experiences in ag public relations, I know that I will be able to find a great job. Also, I know that I don't have to count on production agriculture income as my sole course of livelihood. But some 4-Hers in Iowa do count on production agriculture. They plan on working side-by-side with their parents to support an extended family. Many times these people need second jobs to support themselves and their families and that's something that they are already thinking about through high school, through 4-H programs through high school and into their college years.

I, for example, have to decide whether I want to return to the farming community where I grew up or move off to an ag business center like Des Moines, Kansas City, or Minneapolis. It seems today that young people have to make a choice: a well-paying career away from the farm, or a new farm, or an inherited farm full of debts and land prices and cash for equipment. It is a difficult choice for many people that also have a bright future in the ag industry off of the farm.

Congress, the USDA, and this administration can help make the goals of these young people possible, and others who might not be able to return to production ag. So today, I ask six things of you. Continue to educate American consumers about where their food comes from: Support trade that keeps American products competitive: Support entrepreneurial ventures for ag-related businesses, especially in rural communities: Revive rural communities and build a communication infrastructure so that people like myself can live on the farm and still have a great career: Encourage youth to pursue agricultural sciences that will advance the industry: And, finally, continue to support young Americans in agriculture by funding 4-H in the 2007 Farm Bill. Thank you very much.

SECRETARY JOHANNIS: Thank you, Alicia.

[Applause.]

MODERATOR: Alicia, thank you very much.

We will now, after the next statement start at this microphone and then work our way back and forth. And if you would like to give comments, would you please head toward these microphones at this time. And I don't think it will be a problem here, but no more than five deep at each one of the microphones.

Please, don't wait until later on because if you do, I will have to ask questions to the Secretary to fill in the meantime and none of us want that.

Now, may I direct your attention over to the young man in the blue and gold jacket, Shamus Brown, the Iowa FFA president. Also an American farmer from Grettinger. He is also an Iowa State University student majoring in animal science and pre-veterinary medicine.

Shamus?

MR. SHAMUS BROWN: Thank you. "I believe in the future of agriculture." How many of you recognize this phrase? Raise your hand, please.

On behalf of these and nearly half a million FFA students across America, we stand for the future of agriculture. We would like to thank Secretary Johanns, the USDA, and all of our Iowa legislators for their time today to address the issue of, how can American farm policy address any consequences that discourage young farmers from entering into the production agriculture career.

We believe that farm policy should address the negative perceptions that are present about production agriculture. In today's society agriculture careers are viewed as those with limiting benefits, few rewards, and a dim future. By promoting the agricultural industry we can eliminate these perceptions.

We believe that farm policy should help to develop our rural communities to continue that strong economic and social infrastructure. Part of that is by promoting the diverse production agricultural career as well as the diversity of agricultural careers offered. By bringing together a diverse work force in an industry that is always changing, we can ensure new ideas and success.

Tomorrow's agriculturalists will come from today's classrooms. We need to make sure that those students understand the opportunities and potential that a career in agriculture has. In order to do this, we need to ensure that the programs at the high school, community college, and extension or outreach have the ability to do so. With that, we need to make sure that our instructors have the most advanced equipment, technology, and instructional material to prepare these students for a future in agriculture. These teachers or instructors will be the ones who provide these students the opportunity to not only have a career in production agriculture, but a career in the agriculture industry.

I believe that American agriculture can and will hold true to the best traditions of our national life. The start of our final paragraph of our FFA creed. I stand before these FFA members again that we believe that American agriculture will be successful in the future and that farm policy can have a positive effect on this by promoting diverse agriculture, diversified agriculture careers, maintaining our rural communities and by supporting our agriculture education programs.

Thank you again Secretary Johanns, Iowa legislators, and the USDA for all of your support.

[Applause.]

MODERATOR: Shamus, thank you very much.

We are going to go until 1:00 for our first segment and then take a 15-minute break and then go until 2:30. And from this point on it's wide open to any of you. I am going to try to alternate microphones. If you would, please, give your name. And if you wish to give any point of

reference, your county or your city, for the Secretary's benefit, please do. We will begin here at this microphone.

MR. JEB MEYER (sp): My name is Jeb Meyer. I am a seasoned farmer from northwest Iowa. Odebolt is the home town.

Welcome back to Iowa, Mr. Secretary. And thank you for giving us a chance to visit with you.

My belief is that farm policies should be simple, trade compliant, and not porous reliance on government programs. U.S. farm policy should not guarantee a profit, but help manage risks. Disaster payments are in demand by some people somewhere every year, but should be designed in agriculture to reward producers who have tried to manage risks through crop insurance.

The U.S. needs to be a larger player in world trade, which means WTO compliance. U.S. farm policy should not increase cash or land value. Direct payments, loan deficiency payments, countercyclical often pass through to the land owners through higher cash rent and increased land prices.

In my opinion, the best way to correct this situation is to eliminate these payments and use the same dollars to buy down crop insurance premiums and to reward producers with conservation payments for those who produce as a friend of the environment.

If farm program payments were directed to the producer as a partial crop insurance premium and payments rewarding producers for being good environmental stewards, the producer would stand a better chance of getting the full advantage of the U.S. farm program. At the same time, the landowner would see the value of their property increase through improved land stewardship.

MODERATOR: Thank you very much, sir.

Now, let's move over here. Your name, where you're from.

MR. DAN JOHNSON: Dan Johnson, Wapello County, Ottumwa, Iowa.

Welcome, Secretary Johanns. We are pleased to have you in Iowa to hear what Iowa farmers have to say as we all work together to develop the next Farm Bill. I am a fourth generation livestock and corn grower from Wapello County. I am also an Iowa Farm Bureau Federation State Board member. My family has been farming in the same area for over 100 years.

We hope the entire nation will be listening carefully and taking notes because all America will be impacted by the next Farm Bill. Not just the agriculture community or the people in this room. There is reason enough for all of Iowa to care.

Iowa Farm Bureau members have started meeting across the state this summer to develop policy as we do each year. During this policy development discussion we are working hard to challenge our family farm members to think about and comment on what direction the next Farm Bill ought to take. Our organization is holding listening sessions, preparing our members to invite Farm Bureau's voice to the next Farm Bill debate.

Even though we have just begun visiting the challenges concerning the next Farm Bill, our members believe, and indeed, it is the most important Farm Bill debate of their life. Many farming dependent counties are beginning to understand what they have done in the past is not keeping our graduates at home. We have to acknowledge the realities of global competition are

changing our ways of life. We must look for other ways to create wealth in the resources that we have.

We all know that new technology, improved plant genetics, more efficient equipment, balanced fertilization, chemical weed control, and specialization have created a food-producing machine that requires only a few farmers to run. The problem is that other countries are doing the same thing that we are doing.

Iowa has gone from hand-picking corn to 16-row combines that harvest more in a day than a farmer could pick in a lifetime.

In my time I've seen agriculture go from being an engine pushing the economy to an engine that is pulled along by other courses in many rural communities. Because of these circumstances, jobs are lost, stores are closed, towns and schools disappear, and that's why more farm family members have had to find off-farm jobs.

Now, more than one town disappears and more than one school closes. Indeed all stakeholders need to agree to a solution. Did you know that Iowa leads the nation in acres for buffer strips? How many people in this room realize there has been extensive demand by Iowa farmers for buffer strips and environmental programs? By the demand, the cost share dollars have exceeded the funds by millions of dollars. In fact, Iowa farmers' request for matching federal dollars and cost share funds in fact exceeded more than \$1 million. That equals approximately a million dollars out of their pockets.

As a livestock farmer of 35 years with three children, I believe in helping grow Iowa and our state's economy as an opportunity for young farmers. Iowa's livestock industry and family ownership is vital to Iowa's economy.

MODERATOR: Sir, can I ask you just to extend those remarks and pass them on to the Secretary.

Thank you very much.

All right. Mr. Kleckner, I believe it is.

MR. DEAN KLECKNER: Thank you, Mr. Secretary. Thank you for bringing the rain. You get blamed for a lot of things you can't do anything about so thank you for bringing the rain. I'll give you the other side.

I'm Dean Kleckner a retired farmer from up in the area of Secretary Johanns. You and I, our farms were about 15 miles apart, I believe, the town of Rudd (sp), near Osage. I live in Des Moines now, retired.

I want to speak today not representing Farm Bureau or the Truth about Trade Organization now that I chair on a part-time basis, but simply as a long-term observer of farm policy in the U.S. and around the world. Just Dean Kleckner's personal views. Particularly one of those six that you mentioned, the issue of subsidies.

Farmers are saying in the coffee shops, I don't know if they'll say it here today, but in the coffee shops where you ought to be a fly on the wall sometimes to really hear what we're saying and thinking about, these subsidies can't go on forever. They are affecting land prices, I agree with Jim Meyer, my predecessor here. They are affecting land prices, certainly the 1031 tax rate

exchanges are also Senator Grassley's committee, Finance Committee, can do something about that, I think, if they want to. It's political, as we know.

The budget you've indicated, Mr. Secretary, may drive the next Farm Bill to some degree. You are probably right, although let me tell you my personal belief is the U.S. and the EU [Europe] will continue to subsidize their farmers because we can. We have the money to do it. But the way we do it will be important. You will have to be green box, not amber or blue, a way to get around amber, it seems to me, and that's about all.

Some subsidies are production distorting and trade distorting that they will be under increased pressure as they should be. Subsidies that will not be allowed or dramatically reduced are those based on production and/or price. And I mean subsidies like countercyclical, LDPs, market loss assistance, step-two cotton payments. Brazil has won that case against us and they won the sugar case against Europe. Milk income loss programs.

Dave Judae (sp) had an article in this morning's Des Moines Register on that issue. Yes, Ken, I'll wind it up real quickly.

They will be replaced, I think, legally by direct subsidies. Senator Harkin will be interested in green type, environmental type payments. I didn't use to think that. Senator, I've changed my mind. The 1031's I hope can be phased out, Senator Grassley. Payment limitations are needed, in my view.

I'll conclude right now, Ken.

Mr. Secretary, have you talked with Maryanne Fisherbol (s p)? Let me just suggest that you have. Europe they tell me has changed entirely away from the amber box payments to the direct payments or environmental type payments. It's crazy to me. Three times more subsidies, but theirs are legal and ours are not. Thank you.

MODERATOR: Thank you, Dean.

Now, I'm letting you run a little longer here, but I would like for you to tighten it up a bit. I know that in many cases you just get rolling about the time the yellow light comes on here. So, focus on the major points you want to give. Because all this testimony is being transcribed and will be available for public record and will be considered by the Secretary and others as they work to combine a great deal of it here.

[End tape 1, side A.]

[Begin tape 1, side B.]

FEMALE: [In progress] -- (unclear) cited that obviously going back to the farm is not possible. Anyways, for the survival of the family farms, I think the single most handedly effective thing that we could possibly do is cap payments to the mega farm. And rather than conservation programs and nutrition programs which I know is options that are being held out right now.

Nutrition programs, obviously would be a food stamps program, I know is one that is being targeted. You've seen what has happened around the nation, just how people feel about that anyway. I don't think that's a great way to resource to turn to. And conservation programs such as the CSP, if we cut that program any farther, then that would be the death of the program. CSP, I believe, only had 14 watershed funded last year because they were so heavily cut.

Anyway, rather than as Senator Harkin had said, we still have two years left in this Farm Bill. Next month you guys are facing -- USDA has to have a \$3 billion cut in their program. So let's change this now. It's next month. We can do it now. These programs, if we stop payments to these mega farms why should the taxpayers be funding money that goes to Monsanto and Cargill and let's support the family farmers. Then turn the money that is saved, we can start programs that initiate programs for beginning farmers. So that way I can see other people in my family and everybody else's family get back onto the family farm. It's not fair that Monsanto is able to use this money that it is turned around and they use it to drive off their neighbors and raise land and rent prices.

MODERATOR: Thank you, that's very brave.

[Applause.]

MR. GEORGE NAYLOR: Hi, my name is George Naylor. I have a farm near Sheridan (sp), Iowa. I am president of the National Family Farm Coalition. We have groups in approximately 30 states. We try to be a voice for family farmers and we think that the family farm should be the farms of the future. But it's not going to be that way if we continue with the formula of the freedom to farm and the 2002 Farm Bill.

You know, I farmed under ten Secretaries of Agriculture. I've farmed under I don't know how many Farm Bills, but there's one thing I can say that's common about them. They all failed to support family farmers and they all supported the interest of Cargill, Tyson, and Smithfield by providing cheaper and cheaper grain so that they could feed their livestock and take over the livestock industry.

I've been emptying my bins lately to get ready for the next harvest. The price of corn is \$1.70 a bushel. Tomorrow morning is going to come out a report from the USDA and I know that next week a lot of farmers are either going to sell their grain because it went up 10 cents thinking that I had better sell while the price is up, or I had better sell as soon as I can before it goes down any lower.

And nobody here, nobody in the United States knows how low the price of corn can go next week, not anybody. Because there is no price support under these two Farm Bills. But Cargill, Tyson and Smithfield will get to buy their corn for \$1.70 or less and buy their soybean meal dirt cheap.

And we talk about the U.S. farmers being competitive when the government of Brazil, the World Bank, the IMF, DuPont and Cargill are encouraging production in Brazil. They are encouraging the destruction of the rain forests in the Serado.

Now, let's look at \$1.70 a bushel corn. Since 1978 when the average price was \$2.25 a bushel, everything has inflated by three times. So today it takes, in order to buy what that \$2.25 a bushel corn bought back then, you have to haul four times as many bushels to market to pay for things. And we are not going to have family farms in the future if we don't change this and get back to fair prices for family farmers and supply management.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: By the way, Mr. Secretary, I was going to say that I want to compliment you on being so active and so open in coming out and being with us. You are the most active Secretary of Agriculture, I think, since John Block, and the most intelligent since Clayton Yuetter. I was going to say since Earl Butz, but I thought maybe that went without saying.

That was supposed to be funny; the latter one was supposed to be funny.

[Laughter.]

MODERATOR: Yes, sir, in the John Deere hat.

MR. ED BULSEY (sp): Ed Bulsey. I farm down in Decatur County and Warren County and work in renewable energy.

Here in Iowa we've had over a billion dollars worth of concrete and steel put in the ground in renewable energy projects in the last five years. It's probably the greatest unsung economic development engine that we've got driving here in Iowa right now. Almost all that construction has come about from public policy. We've got national leaders that are up here on stage with you. Both of our Senators, Senator Harkin and his energy title and farm bill; Senator Grassley and his work with wind tax credits; Governor Vilsack with his renewable energy goals here in Iowa have all been policies that have driven this industry, this new economic development industry forward.

Much of this construction has been locally owned, community owned. The ethanol plants that have been built, many of them have been co-op structures that were locally owned that retains those earnings and then pumps them back into the local economy versus a paradigm of foreign ownership, out-of-state ownership, out-of-country ownership, more importantly, that moves those dollars back out of the country. You know, it does make a difference who owns these factors of production.

So as you go forward I would urge you to look to our leaders that have had this experience here in the state for some, on-the-ground, hands-on type of policy direction. It does make a difference. You know, support the work in this energy title. It may be the most important new section of that Farm Bill in terms of the economic drivers of the future, where we're going.

As you look at these questions, you can frame this so that it addresses each one of these issues, whether it be environment or assistance to rural communities or keeping young people back out on the land. You know, you can frame this so that it addresses them all. Your rural economic development folks from USDA are doing a great job here in the state, keep supporting them and give them some additional help if you can.

Thank you.

MODERATOR: Thank you, Ed.

[Applause.]

MODERATOR: Yes, sir.

MR. MARK KENNEY: Hi, I'm Mark Kenney. I'm a son of a farmer from Nevada [sp] and I plan to return to the family farm as well.

I'm a young person that just graduated from college a few years ago where I studied agriculture and had the opportunity to meet some of the brightest young minds in agriculture that when they left college the opportunities just aren't there in production agriculture where they want to be.

I feel, and I've had the opportunity to return to the farm, you know, we need to focus on three things to get those young bright minds into agriculture. The Des Moines Register ran a series of articles in recent weeks focusing on the overturn of land ownership in Iowa and the average age of land ownership and farmers in Iowa. It's so high and getting older and older, young people like myself just don't see the opportunities. I personally see the opportunities. I'm very bullish on agriculture.

I think there's three things we need to do. Encourage and invest in education at our universities and public high schools in agriculture life sciences. That's the future.

Secondly, rural development, broadband very important. We would be able to compete in a worldwide basis if those rural communities have broadband and can communicate with the world.

Finally, the last thing that I see as most important is to ensure that the Farm Bill is not something that is a road block to getting young people into production agriculture. To see 17 percent, 18, 20 percent yearly increases in farm values, a young person like myself who doesn't have a family to hand it on to me, I wouldn't be able to afford to get into agriculture or if I did it would be a tremendous debt burden on myself and my family.

So I think those are three things we need to look at, education, the broadband rural development, and finally making sure that that Farm Bill is not a road block. That it is a safety net and supports the future of agriculture.

Thanks so much, Secretary.

MR. SECRETARY: Thank you.

[Applause.]

MODERATOR: Very well stated. Yes, sir. Go ahead.

MR. AL SHAFBOL (sp): My name is Al Shafbol. I farm south of Waterloo by Dysart. I have been no-tilling 100 percent of my ground for the last 14 years. I am very much involved with the environment, clean water. It all starts on the farm and if we keep the soil and the nutrients on the farm where it belongs, then it is very important and we can do that.

I feel that the current Farm Bill is working very well and the payment methods. The direct payments allow a producer to grow any crop and get payment to help with the costs. I think the direct payments need to be added to hay ground and some of the vegetable grounds that don't get a direct payment today because it's kind forcing us to grow commodity crops. I think the countercyclical payments help when the commodities are low and this is the farm support that is in this that was said there was no support. This is a support price that you are supported, so you get paid when it drops below a certain price.

The market loans and the loan deficiency payments have been very well worked in the farm community. It gives us a chance to have a call under our market so if we do want to keep it for a long time we still have that base that we don't have to worry about going under. So I think all those programs do give us support in the prices.

I think the new Farm Bill needs to include some payment limitations. And it needs to be large enough to allow a father and son or some brothers in the combination of maybe three farmer members to have income to be full-time farmers. So they don't have to have an off-farm job in order to farm. We've told farmers to go get a job in town. And other than that, the conservation payments, I think, need to be paid to the people that's actually doing the work on the farm.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Yes, sir.

MR. AUSTIN CHARLESTON (sp): Thank you, Mr. Secretary, Mr. Root. I'm glad to hear you back on the radio.

MODERATOR: Thank you.

MR. CHARLESTON: Some of my concerns are also concerns that affect older ones too.

MODERATOR: May I get your name?

MR. CHARLESTON: Oh, I'm sorry. Austin Charleston from Clarion, Iowa, north central Iowa.

I work for a cattle feeder and row crop farmer and I'm hoping to get into the row crop myself. Availability of land is tough for us. I thought maybe some incentives from older farmers like tax incentives to encourage them to rent to younger producers is a thought I had this morning. And also tied in with that is the height of cash rents. Sometimes I feel that the farm program goes directly to the land owners who are living in California or their retirement home in Florida and are just getting the money and not putting it back in the farm.

The government in my area, I live in the flattest part of the state, but where my folks farm just a little hobby farm, the government is purchasing at top dollar some of the not as productive, but still productive land. I mean, they're paying \$4,000 an acre for \$2,500 an acre ground to put it in reserve. Thus taking away from younger generations. And then the rest of the ground that's available, it increases the price and it's almost impossible to get started that way.

This is something I haven't heard yet. A concern for me is also health insurance. I am purchasing my own, but my wife, who teaches agriculture education in school, has to have her own. We would like for her to stay home in the near future to farm, but the cost is almost prohibitive due to that.

And my final thought is the petroleum price is tough for everybody. But it especially harder for the young farmers to make crops cash flow when it costs \$2.20 to run your tractor for an hour, you know, it won't cash flow for the banker.

Thank you very much.

MODERATOR: Thank you, Austin.

[Applause.]

MODERATOR: All right. We'll go until 1:00 and then take a 15-minute break.

Over here, sir.

MR. RICK JUCHEMS: Good morning. My name is Rick Juchems, I farm in Butler County. I am elected official with the Soil and Water Conservation. And just two things. I'd like to simplify the program. I think CSP is going to work. They are having to jump through a lot of hoops to make it work, but I think it's a good program. And we need to shift away from paying for commodities and paying the producers to do the conservation on the farm.

MODERATOR: All right. Thank you.

Over here, ma'am. You could scoot that microphone down if you want. We won't start until you are ready to go. Maybe not. And another good idea is to take it off and hand it to her. There we are.

MS. DOLORES FAGLE ELLSBERRY (sp): Good morning or good afternoon, Secretary. Thanks for coming to Iowa to hear our concerns.

MODERATOR: Your name?

MS. ELLSBERRY: My name is Dolores Fagle Ellsberry from Fayette County, Iowa. My son and I have a 224-acre, 80-cow, dairy herd farm.

My concern is the MILC program. I would like to have that extended and I would like to have the base raised. Right now the base is quite low. When we were getting \$17 to \$20 a hundred for milk we could keep on paying our bills. Now that's dropped down to \$13 and \$14 a hundred. That's a loss of \$4,000 a month and 100,000 pounds of milk or \$48,000 a year which makes quite a difference in what we are paying for.

Also, when the milk price went up to \$17 to \$20 a hundred, all the input costs went up. But the input costs never go down when our milk price goes down to \$13-\$14. I would like to see the MILC program have a base of about \$15 to \$16 a hundred and probably the government wouldn't even have to pay out any money for that program.

But the dairy farmers do need a safety net. They're putting in 15 hours a day approximately and usually one of the spouses have to work off the farm to pay for health insurance and for living expenses because there just isn't enough money to go around.

Livestock farmers have more investment than a lot of other farmers because we have to have the same equipment that the other farmers have. I think that's all.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Yes, sir. Go ahead, please.

MR. ARLEN BECKER: My name is Arlen Becker, I farm in Warren County, corn, bean, and pork production. I live on a past-century farm and it's indeed a privilege to be there. I've been

in soil conservation elected district commissioner, I don't know, I don't even remember how long, 20-plus years.

But anyhow, conservation is very dear to me. I watched my father as he started contour plowing and then later on as he put in some of the first terraces on the farm. Before he retired, he had terraced all the land.

So my concern is that we continue this conservation program and maybe even to the point of switching from a commodity planned payment plan more to a conservation payment plan. There's all kinds of natural resource-based plans that can help pay for that part of it. And since I'm a commissioner in Warren County, I am very concerned and hope that we can maintain a local, grassroots, if you will, kind of organization where the people that are making judgments or whatever live in the county, understand what's going on out there, and know the people. So I think the local control, as much as possible, is a very good thing. I would like to see that.

But anyhow, my main thing was to really insert conservation as a main program.

Thank you.

MODERATOR: Thank you.

All right. Over here, sir. Go ahead.

DR. DUANE ACKER: Mr. Secretary, my name is Duane Acker and I live on our family century farm near Atlantic, Iowa. I once served at the University of Nebraska as vice chancellor for agriculture and natural resource and later in USDA as Assistant Secretary for science and education.

Today I speak for the project steering committee of what we call the 25 by 25 agricultural energy alliance. And I am wearing a pin, 25 by 25, and I invite others to pick up a pin out on the table outside the door. A couple of people from your state, Jerry Pfaff (sp) from Cook, Nebraska and Richard Hahn (sp) from Omaha as well as several Iowans are a part of this group. A group of agricultural leaders across the country who believe that U.S. agriculture and the land it manages can, by the year 2025 provide 25 percent of the U.S. consumable energy needs. Today agriculture provides less than 5 percent even though we have a lot of ethanol, biodiesel, et cetera.

U.S. agriculture needs another market for its abundant technology and its incredible production capacity and consumable energy is that available and welcoming market.

What are the benefits? Well, certainly we can provide large volumes of ethanol and biodiesel. We can harness wind and solar energy. We can convert animal and food processing waste into methane. We provide another major market or another market for our major crops, corn, but also sugar beets and sugar cane which need another market, a market for animal waste for volume exceeds what cropland will absorb. A market for processing waste, decrease the load on municipal sewage systems.

In regard to the 2007 Farm Bill, we believe that renewable energy should be a focal point. The current energy title should be strengthened. Energy conservation and production should be woven into all appropriate titles. The U.S. Agriculture's mission should be stated as providing food, fiber, and energy.

We believe the 2007 Farm Bill and leadership at USDA should embrace this vision 25 by 25. We believe that leadership by you, President Bush, and the U.S. Congress can help bring that about. And thank you very much.

MODERATOR: Thank you, Dr. Acker.

[Applause.]

MODERATOR: Dr. Acker, it's good to see you again and glad to have you here. One of the most optimistic men I think I've ever met. I recall a line in a speech you gave one time. You said, "I would just like to be 21 years of age one more time."

[Laughter.]

MODERATOR: And still hoping. Well, you can just live forever, you don't have to be 21 again.

Over here, ma'am.

MS. AMY KNUDSEN: My name is Amy Knudsen and I am a native of Iowa residing in Des Moines. I am currently the Associate Director of the Iowa Coalition for Housing and the Homeless and I am here today as a member of the statewide coalition called the Iowa Human Needs Advocates.

The decisions being made regarding policy are of great concern to myself, fellow advocates, and Iowans. Decisions being made at the federal level concerning funding for programs in the Agricultural Committee have the potential to be detrimental to Iowans. Additionally, others and I have concerns over the future being laid out by policymakers.

The Farm Bill and the role of programs funded under the Farm Bill have been greatly altered over the last decade in ways that are destroying rural Iowa, endangering our environment, and putting working families and their children at risk. The policies that guide the 2007 Farm Bill must be revised to reflect and promote the core values of the original policy. Farm policy should foster agricultural and food systems based on family farms that nurture and support rural communities and working families.

Current policies encourage consolidation, unfairly benefit large corporate farms, and proposed cuts pending in Congress put small towns and families at risk by cutting conservation programs, rural water programs, and food stamp benefits for working families. We must not neglect food and nutrition programs that are a vital component of the Farm Bill. The food stamp program is essential to working families as it provides a safety net. Food stamps in combination with unemployment insurance are the best defense in times of economic downturn. It is critical that we provide funding to ensure that eligibility or benefits are not reduced.

The Farm Bill of 2007 should ensure that programs are serving those intended, small farmers, rural communities and working families with the following policies: subsidies to farmers should target small to mid-sized farms and be capped at \$250,000. Conservation programs should be fully funded as intended in the last Farm Bill. And funding for food and nutrition programs including food stamps need to ensure that the eligibility and benefit levels are not altered.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Yes, sir.

MR. RAY GAESSER: Good afternoon, Mr. Secretary. My name is Ray Gaesser and I've been a soybean and corn farmer from southwest Iowa. I am currently serving as president elect of the Iowa Soybean Association. I am here today representing the 6,000 members of the ISA. We appreciate the Secretary's offer to hear public comment on Farm Bill policy as we rapidly approach the new Farm Bill and we welcome him to our state.

The goal of farm policy should be to provide an equitable farm income safety net while allowing market conditions to determine production decisions. In order to maximize U.S. competitiveness, U.S. farm policy must provide a safety net of income or price support when income or prices fall below target or historical levels and minimize or avoid making payments when income or prices rise above those levels.

Under such a countercyclical payment approach, producers will be protected by a farm program safety net if they are virtually affected by trade barriers and other market distortions. If income or prices are high and they're not affected by such distortions, farm program payments will be minimized.

U.S. farm policy and programs must continue and expand on the direction of the 2002 Farm Bill to enhance conservation practices and the environmental performance of U.S. agricultural production. Importantly policy programs must promote voluntary, incentive-based programs on working lands.

Rural development programs must increase federal support and tax incentives to farmers that provide rural areas with the value added opportunities needed to encourage local economic growth. To this end policy should promote the production and utilization of renewable fuels such as biodiesel and ethanol as well as biobased products.

Finally, farm programs should emphasize research and market promotion programs critically important to all the future of agriculture. Thank you for your time.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Yes, sir, go ahead.

MR. CHARLIE WISHMAN: Mr. Secretary, thank you for making the trip to Iowa. My name is Charlie Wishman. I work for the Food Bank of Iowa. We serve about 300 or so agencies, religious, nonreligious, of all different stripes from the Minnesota border down to the Missouri border.

I would like to talk to you a little bit about food stamps. Cutting food stamps right now is really going to put the burden on ourselves and the agencies that we serve. Right now I'm making travels around the state to all these different places and different small towns, larger towns, and it doesn't matter where you go, rural, urban the food pantries, shelters, kitchens of all different kinds are inundated with people. If you cut food stamps it's not as if there are going to be less hungry people, they're just going to show up on our door, which is fine, but we are already stretched to the limit.

Contrary to popular myth it seems, the food stamp program is actually very efficient. Ninety-five percent of the benefits go to below poverty level families. Error rates are at all-time lows in the food stamp program. They've declined for six years straight, actually.

In addition to that, the food stamp program is also good for Iowa because it helps out in economic development. For every \$1 billion in retail demand generates about \$340 million in farm production, \$110 million in value-added agriculture, 3,300 farming jobs, and for about every \$5 spent on food stamps, we get a \$10 economic return.

Right now, Mr. Secretary, is not the time to be cutting food stamps. You know this as being a former governor of a rural state as well. Just because you can't necessarily see it doesn't mean that there's not hungry people out there. And it's a challenge for rural states as well.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: We'll take one more before our break and then you guys can come back in line after that. Go ahead, sir.

MR. CHRIS PETERSEN: Thank you. Welcome, Secretary. I am Chris Petersen. I farm up by Clear Lake, up in your neck of the woods. I'm president of Iowa Farmers Union which is part of National Farmers Union.

First I just want to make a comment to keep in mind and take back to Washington, D.C. We have huge health care costs and access problems out here. We have education challenges because of defending and depopulation. And economic development, we need to have economic development out here that the majority of the benefit goes to family farmers in rural America. It seems like we're exporting our development.

Also, keep in mind some of these poorer rural counties, the biggest influx of cash every month is Social Security checks. So, to me, that's very important to the vitality of rural America.

On the Farm Bill stuff, the subsidy problems absolutely need to be addressed. The vast majority of the benefits are going to a small percentage of the producers, but we cannot do away with the subsidies at this time. If we do, it's the end of the family farm as we know it. And a transition period to which I believe is the most important part of the Farm Bill is competition. We need competition out here. The administration talks about international competition, the global marketplace. We need domestic competition here in America for America's family farmers and producers. So that needs to be accomplished.

Targeting. We need to target these subsidies to the small and medium-sized family farms. The best investment of the taxpayers in this country to the vitality of rural America and food -- and sometimes this doesn't benefit agribusiness board rooms that much, but I'm a firm believer and government needs to stand up for the people and the family farmers here. We need a safety net.

Also, we need to address these under costs of production commodities. The subsidies, do they end up being just a subsidy, corporate welfare to the corporations to achieve cheap grain? That's the way it seems it's going.

Trade, how low do we have to go to compete? We need fair trade. You know, free trade, fair trade, whatever. We need trade that is fair and the labor, environmental, currency, and food sovereignty issues are addressed.

I commend Senator Grassley for working on the concentration issues. Huge issue on this out here.

Also I commend Senator Harkin on the conservation initiative he's worked on in the last Farm Bill and progressed on.

MODERATOR: It's hard to stop you when you're bragging on people, but I need to.

MR. PETERSEN: Also, energy is very important, but, you know, we are here to work with you, Iowa Farmers Union, National Farmers Union and our membership. If you get a decent Farm Bill it's going to help rural family farms.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Now, we would like to see if the Secretary would like to say anything before this break. Some of you may want to save your seat, others may want to save your dignity, so it's your choice here during this break whether to stay there or to move somewhere else for a few moments.

Mr. Secretary, any comment before we come back for the second half?

SECRETARY JOHANNIS: A very short comment. This is exactly what we want to hear and this is exactly how we want these forums to go. So as you can see, I'm taking a lot of notes. We have people here listening and taking notes. So come on back after the break and we'll go till 2:30. Then I'll have a few wrap-up comments then. Thank you.

MODERATOR: Thank you. And thank you the members of our congressional and state delegations for staying here. At 1:15 we'll start again, straight up.

[Brief recess taken at 1:00 p.m.]

MALE: [In progress.] I'm here today for the Iowa Fiscal Partnership to remind everyone here that that calling extends to the Farm Bill. And that nutrition programs are a big part of the balance in that Farm Bill.

They should not be thought of separately because as you know they are not considered separately from other AG-related programs in the budget by Congress.

Right now if farm payments are not capped reasonably, we know that the tradeoff is to sell out our most vulnerable neighbors who are food insecure and place new pressures on nonprofit food pantries. Food insecurity hits one in ten Americans. In Iowa we are talking about one in 11 people. A lot of those people live in our rural communities.

President Bush proposed that 7 percent of the cuts in ag come from food stamps. Some are looking for ten times that amount to be the proportion of ag cuts from food stamps. They would

prefer to protect what I would call the real welfare queens of our day, corporate interests that have far too much access to farm subsidies.

If you want to strengthen Iowa's rural community and improve prospects for young farmers, the best investment is in policy that offers opportunity. The natural alliance that has produced the last several Farm Bills joins those who grow food, those who need food, and those who protect the air and the water for all of us. Likewise there is an economic alliance. Help the hungry and you help both the small farmers and the small businesses that are the backbone of rural Iowa.

Let's make sure the Farm Bill works the high ground on this issue.

Thank you.

MODERATOR: Thank you, sir.

All right, sir, over here.

MR. MARK McALLISTER (sp): MR. Secretary, my name is Mark McAllister. I own and operate a dairy farm in northwest Dubuque County with my wife and children, four sons and a daughter. Consists of 300 acres with a 100-cow dairy via closed herd. We raise our own heifer replacements and it's totally strip crop.

I think the dairy animal is the greatest land steward there is. As I left this morning, the barn at 6:00, I was left with what I call an ideal family farm. My wife was left to milk the cows and I went to the house to wake up the reinforcements. I did not grow up dairying, but it's a great life. I left my farm that I grew up on to go to my wife's farm where her dad grew up.

Down the road a half mile to the east is where she grew up. Since I've been there I know in 1990 when I started dairying and then within the last five or six years Dubuque County was known within the top 50 counties for the number of dairy cows in a county. We have really fallen through the cracks since then. I have four or five land neighbors that have empty barns since that time.

I would like you to keep in mind to keep the milk program with the safety net that by the time the prices get depressed there, that that money is passed on into the rural communities.

Then in the next Farm Bill with the CSP acres, if something could be developed to start dairy farmers in that. Half of that acreage would be in hay acres would be a plus situation and keep money flowing in the rural communities.

And the other item is just the protection of family farms history; that land no longer just becomes farmland. As my dad's home farm, my Uncle Bob was on there and he had seven sons and it's on McAllister Road, but there is no longer a McAllister there. I think we need to be looked at before we become an endangered species sorry to say. I thank you for your time.

MODERATOR: Thank you, sir, for literally leaving the barn to make that message.

[Applause.]

MODERATOR: Yes, sir, over here.

MR. MARK HANSON: Yes, my name is Mark Hanson. I come from a family farm in southwest Iowa. Now I work as an ag and commercial lender in Oskaloosa, which is in southeastern Iowa.

Over the past five years I've worked with USDA's business and industry guaranteed loan program to start two new ag-related industries in our region. And I want to say that that program is very important because there is a substantial amount of risk involved lending money to startup businesses. But it's necessary to have these industries be locating in our rural areas.

Given that and I think the program is very important, it's suited to helping get started, but there's two issues I'd like to have be looked into. Once those businesses get up and running, credit is needed to be provided to them on an ongoing basis. It's different than production agriculture where a lot of times through traditional FSA programs you'd get a subordination, you would loan crop money. When the crop is harvested, it would be paid off.

We are loaning money to these businesses on an ongoing basis, the word "evergreen" gets used as you are well aware. The subordination agreements that are being used to provide us collateral to give credit to these businesses that go for one and then at the end of it they say, at the end of that year this credit has to be paid in full and all collateral reverts back to the USDA. Well, that doesn't work when you are working with industry that has an ongoing production cycle. I really would like to see the program look into changing how they handle working with lenders in providing operating credit. And then with that I would like to see more power given to the state level in working with us in servicing these loans to try to make these businesses be successful. Thank you for your time today.

MODERATOR: Thank you.

Over here, sir. Your name?

MR. DAVID CUNDY (sp): My name is David Cundy. I own a family farm at northeast Iowa. I farm with my two sons and my daughter. I guess my comments, there's a lot of lip service paid to the family farm. Politicians are more than happy to talk about it, yet the policies that have been in place over the last 35 years since I've been in business are policies that have driven the family farms out of Iowa. We are losing producers and the policies are set up that the family farm is the business that is penalized the most. We continue to penalize that business and wonder why they don't survive.

I guess in the 35 years that I've been in that business you've seen the livestock industry which does add more value to Iowa's agriculture than any other type of business. Yet we continue to push them out of the business. I think it's time that the whole agriculture policy be looked at and rewritten based on economics and not based on politics.

We are in a business and we are trying to survive in this business. And we can't do it when we allow other countries to dump a product on our market which puts our volume of product at an increase of one-half of 1 percent, but drives our price below the cost of production. It just seems to me that we are on a bus with no brakes and when the bus crashes, we will be lucky if a few of us survive. I think it's time somebody get behind the wheel and take charge of the program.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Yes, sir.

MR. WILLIAM RILEY: Good afternoon, Mr. Secretary. Thank you for today's forum. My name is William Riley and I'm the Vice President of Procurement for Wells Dairy in Le Mars, Iowa. The Wells Dairy is a third-generation, family-owned business. We are the largest dairy-related company in the state of Iowa. Currently employing over 2,500 Iowans.

The 2007 Farm Bill has the ability to help the entire dairy industry compete in an increasingly global marketplace. Our ability to compete globally is constrained by the cumbersome and outdated regulations that need to be overhauled to benefit the producers, processors, and ultimately the consumers.

For the dairy industry specifically, the federal milk marketing order is a bureaucratic burden on the entire dairy supply chain. The current market order structure places dairy farmers and processors both at the mercy of volatile price swings because they do not have the same basic tools that other commodity groups have to manage their price volatility.

Our industry needs your assistance in reinstating the voluntary forward contracting program that sunsetted last December. The program allowed producer, not delivering to co-ops and processors, to mutually establish contracts that were the foundation to both parties managing their unique price risks.

I ask that the administrator push to reinstate this program for all milk processors and producers as it serves as the base foundation for the entire supply chain to have a viable financial platform to compete globally from.

I appreciate the opportunity today to share my views, the dairy industry and Wells Dairy are prepared to work with you, Mr. Secretary, to help you improve our industry and be proactive and streamlined with the outcome of the 2007 Farm Bill. Thank you today.

MODERATOR: Thank you.

All right. We will go over here. Sir, your name?

MR. KEN VanGILT (sp): I'm Ken VanGilt from down Oskaloosa, Iowa. I farm along with my sons. There we produce corn and soybeans and pork. I have never felt like we needed to apologize for accepting some type of support for our business. The U.S. has the kind of resources that we ought to have a dependable supply of good food. And one of the prices you pay for that is some type of safety net.

However, what happens a lot of times has been referred to earlier today is that those supports tend to get capitalized into the value of the land. So that's great if you are selling land, but if you are trying to get into agriculture as a young person, or come in some other way, it's difficult. I don't have a good answer for that as to how to eliminate that unintended consequence, if you will. Except that I am also part of another group called Vanderose (sp) Food who has started a catering business, and also we are doing some specialty meat products to get into markets that were underserved before and value added, if you will. And USDA has been very helpful to us in supporting that type of enterprise. And I just really encourage you to consider making that a strong continuing part of the program to support entrepreneurship and value added new types of industries and enterprises.

Thank you.

MODERATOR: Thank you.

All right, change sides. Yes, sir, you are on.

MR. SAM CARNEY: Good afternoon. My name is Sam Carney and I am a producer from Adair and I farm along with my son. I am also the past president of Iowa Pork Producers and currently serving on the MPBC board of directors.

Before I start, I would like to say, thank you very much on your hard work for the Central America Free Trade Agreement. You worked extremely hard and we got it passed and it looks like we will be able to do more trade agreements. So on behalf of the pork producers, we thank you very much.

As I start today, there are two major facets of competitiveness for the U.S. pork industry. First, a competitive U.S. pork industry must sell pork and pork products that purchasers believe deliver at least as much value as another product.

Second, a competitive pork industry must earn at least a high return on its investments as it would if the capital were to be invested elsewhere.

These two aspects provide a good framework for the Department and Congress to evaluate the best farm policy to enhance competitiveness of U.S. agriculture in general and the U.S. pork sector in particular. To benefit the U.S. pork sector, programs should be aimed at reducing or controlling costs of production, increasing the price received for pork products and increasing the quality of U.S. pork products.

A few key points to consider:

Regulation. Virtually all regulation increases costs. Farm policy should include only regulation that is science-based, affordable, and effective. This applies to a wide host of topics, including food safety, environmental regulations, and animal health issues.

Technology. Technology covers a wide range of possible topics from facility design and production systems to a basic research for disease prevention and treatment and nutrition and genetics.

Quality. Farm programs should support research to increase the safety, wholesomeness and any characteristics of pork products. In addition, government supported programs, which include muscle characteristics in hog production systems may be necessary to transfer [inaudible] back to producers.

In conclusion, prices. Increasing demand is the only way to increase the prices for producers in the long run. Programs that increase quality and safety and promote the role of the pork industry and a healthy diet are critical to increasing pork demand.

Thank you very much.

MODERATOR: Thank you. And your remarks may also be sent to the USDA at FarmBill@usda.gov or a couple of other ways to extend and clarify those remarks.

All right. Shall we continue on? Yes, ma'am, go ahead.

MS. SUSAN HEATHCOTE: Hi. I am Susan Heathcote and I live in Des Moines, Iowa. I am here today representing the Iowa Environmental Council which is a coalition of more than 75 organizations in Iowa and over 600 individual members. And we, together with the members of our member organizations, we represent over 80,000 Iowans.

I was born in Iowa and I spent most of my life here, a few years away from Iowa. But I am very proud of the stewardship ethic that's really a part of our farm operations in the state. But I also look at the challenges that farmers are facing in Iowa. If you look at trying to meet the water quality standards that we need to protect our water resource, drinking water and recreation are both very important to the state. And farmers really kind of feel like they're in the crosshairs a lot when we talk about water quality and environmental issues in the state of Iowa.

We really look to the farm programs as a very important place for our farmers to get the technical and financial assistance that they need to make the improvements that they want to make on their farms. But, of course, economics is the limiting factor. We are very encouraged by some of the changes that we saw on the 2002 Farm Bill focusing more on conservation on working lands. Because in Iowa we have over 90 percent of our land in the state is in working farm land and if we are going to make improvements in our environmental outcomes we are going to have to make those improvements on working lands. So the Conservation Security Program, we believe, is really a very important part of the farm programs and we would like to see that expanded in the next Farm Bill to be a nationwide program available to all farmers. Also, we recognize the need to deal with some of the commodity subsidies that those are probably going to need to be capped in order to provide the financial resources to fund the conservation and expansion of the conservation program.

Thank you.

MR. RAND FISHER: Mr. Secretary, welcome back home to Iowa and greetings to you from your colleagues and friends back in Mitchell County. My name is Rand Fisher. I am president of an organization called the Iowa Development Group. We do economic development work throughout the state on behalf of Iowa's rural electric cooperatives. We literally get river to river, border to border doing what could be called rural economic development, value added agriculture and community betterment throughout the state.

It does seem a bit early to be thinking about the 2007 Farm Bill already, but I don't think it's too soon to begin thinking about the aspirations, visions, and opportunities for that bill.

Last night as I was thinking about these remarks, I pondered the fact that this is the 70th anniversary of the signing of the REA Executive Order, the Rural Electrification Administration. And when we brought electricity to rural America, we brought more than just that. We brought entrepreneurship and economic development. And that has been strengthened and continued through the 2002 Farm Bill, in particular.

One of the things that our new constituency group, economic developers, saw in that bill was the opportunity to reach out and help not only farmers and farm families, but rural communities and folks involved in other pursuits of agriculture. So we are mindful that the 2002 Farm Bill took some very intriguing steps in that regard. Things like energy, biobased development, some very important finance in rural housing programs. And I've prepared some written remarks and testimony that will speak to, I think, the compelling nature of some of those things that we certainly would like to see strengthened.

I would also like to speak to the rural development division of USDA. They are a unique and very appropriate organization to pursue economic development in rural states like Iowa and

others. I guess I would like to really put in a plug for them because they, in the 2002 Farm Bill, were given a number of new mandates and programs and they have exercised their responsibilities, I think, with great accountability. And it gives us great hope as we face the future and think of the 2007 Farm Bill in the hope that USDA rural development will be strengthened through that.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Yes, sir, go ahead.

MR. KEITH SEXTON: Mr. Secretary, thank you for this opportunity. My name is Keith Sexton. I farm in northwest Iowa near Rockwell City. Like many Iowa farmers I am a fourth-generation farmer. I have a couple of great, great grandfathers that immigrated from a foreign country to try their hand at farming in the United States.

I think as I consider what might be beneficial in a farm policy, I wonder what those pioneer farmers would think of a farm policy that continuously uses federal subsidies to provide 20 to 50 percent of the net farm income that farmers receive? And I think that my great grandfathers would be appalled at this type of a program that agriculture is in this state of condition.

I think one reason why we do not have more excitement in agriculture is that we've become so dependent on subsidies that we've lost our spirit of entrepreneurship. I would suggest that continuing to pay subsidies for crops that are in overproduction needs to be rethought. I would suggest that maybe we spend some more money on research to find economical uses for the crops that we're able to produce such as possibly a different research into a corn plant to find out what genes it takes to kick in the necessary building blocks to provide a more efficient ethanol production or some way to reduce the bulk of manure so that it can be transported over a larger distance to get to the fields where the nutrients are needed.

So just in conclusion, I think we really need to focus on ways to utilize our crops and bring back the spirit of entrepreneurialism.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Yes, sir.

MR. DAVID AUSBERGER (sp): Hi, my name is David Ausberger. I am a farmer from Green County. I just signed up for the CSP, or signed my CSP contract, on Tuesday and it's a good deal. I am here today in my capacity as the president of the board of the Green Bean Project. We are a group of farmers from Iowa, Nebraska, Wisconsin, and Missouri that grow and market alternative crops. Our primary crop is Adzuki beans, which we market primarily to Japan. Japan is under an import quota system, which caps the amount that they can take. Our trading partners would like to see that cap ended. We would like to see that ended so that we can expand our market and grow more of these beans.

We have some pretty good success stories. Our best producer last year netted just under \$1,000 a acre on his beans and we would like to be able to grow more of these and sell more of these.

I've got letters here for you and Senator Harkin, I've already given Senator Grassley his, requesting this. Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Moving right along. Go ahead, sir.

MR. JOHN WEBER: Mr. Secretary and members of Congress, my name is John Weber. I own a family farm operation near Dysart near east central Iowa. In our operation we have a feeder-to-finish swine operation and grow seed corn, commercial corn and soybeans in east central Iowa.

I am here this afternoon representing Iowa's pork producers. First of all, I want to thank you, Mr. Secretary, for holding this forum and other forums across the country. I rise to speak on question number four, how can farm policy best achieve conservation and environmental goals.

Pork producers are committed to running productive operations while meeting or even exceeding society's environmental expectations. We have fought hard for science-based affordable and effective regulatory policies that achieve the goals of today's environmental statutes.

In order for us to meet these costly demands while maintaining production, the government should provide some support to help us defray some of the costs of compliance through the Farm Bill conservation programs, namely the Environmental Quality Incentive Program or EQIP of the 2002 Farm Bill. So far EQIP has not provided the support.

Further, we support the environmental benefits of the Conservation Reserve Program, but we believe the USDA must delay any decisions regarding CRP contracts pending a congressional review of cost-to-benefit relationship and must consider the potential price ramifications of these contracts.

Finally, we believe that the Conservation Security Program should prove to be a big help to our mid-sized commercial and family operations. An operation with a good manure containment facility and good land application practices is all documented under a comprehensive nutrient management plan and should be an automatic candidate for entering the Conservation Security Program and receiving program benefits.

We urge the USDA and Congress to keep changes to the 2007 Farm Bill simple. Previous changes have been complicated, hindering the USDA's ability in the field to offer quality assistance.

Thank you.

MODERATOR: Thank you.

All right. We have yet to have an empty microphone. If you would like to move to one of the two on either side, feel free to do so. Go ahead, sir.

MR. BRENDAN COMITO: Good afternoon. My name is Brendan Comito. I am with Capital City Fruit Company. We are a produce distributor. I'm sure you didn't think you were going to hear about fruits and vegetables here in Iowa. I'm also on the board of the United Fresh Fruits and Vegetables Association on the national board. And produce makes up about 20 to 25

percent of overall farm values. So we do hope that it does play a role in the Farm Bill, primarily in two areas.

One is produce consumption. The USDA runs several nutrition programs, which can have a pretty profound effect on produce consumption. It also has the dual benefit of improving public health as fruits and vegetables are known to have a big effect on the overall health of individuals.

Secondly, in that area of post-harvest technology, research, and development. So very short and brief. We hope you do consider those areas.

MODERATOR: Thank you. All right, ma'am. A woman of childbearing age at a farm meeting. Go ahead.

MS. AMY MILLER: My name is Amy Miller and I am a farmer from Howard County. Secretary Johanns, I want to thank you for coming very much. And I hope while you're here you get a few minutes to enjoy the fair.

We farm 400 acres and our farmland is all certified organic. We also have beef cattle and we raise hogs. In any given year, we have a long, seven-year crop rotation on all of our row crops. But over half of our land is seeded down to hay, pasture. We also do some prairie restoration. We have timber and farm ponds. So to be perfectly honest with you, farm programs are kind of a mystery to us. We kind of go into the office, and, you know, we don't really know how all that works. But we don't get very much from the farm payments, you know, sometimes just a few thousand dollars a year. And you look at these numbers that a lot of these people, even in our county, the dollar figures that people are getting, and I know somehow because we're organic and because we're sustainable, and because we use conservation, we know we're getting shortchanged. This year we were in the Turkey watershed and we were signed up for a Conservation Security Program. And it will make a tremendous impact on our farm. This program will allow us to continue farming.

A lot of people have talked about raising farm rents. We rent most of our land. We do own 80 acres that we purchased from family at a very reasonable rate. But for us to go out and buy farmland is just beyond our means right now. It's real important that we do cap some of these programs, for one thing. And, also, it's real important to me that we put money into conservation programs. I think the way the Conservation Security Program was written in the 2002 Farm Bill was a really great collaborative process. I think if it could be implemented as it was written that we would all be really better off.

Again, I want to thank you for coming and I think that's all I have. So, thanks.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Yes, sir.

MR. KENT FREDERICKSON: Thank you for coming, Mr. Secretary. Kent Frederickson from about 35 miles northwest of here in a little town called Perry. Family farmer up there, but I do represent one very influential lobbying group, namely, my wife and three children, very powerful in my life.

[Applause.]

MR. FREDERICKSON: My oldest one is 20 years old and a week from today he will step ground in Iraq in Mosul doing his job. As he talked to me last week, one of the things he wants to do is get out of there and come back here. Great place to live and he wants to do his job back here, better than he is going to do over there. But, he's got to have a future.

I look around, sir, I'm 47. There aren't a lot of guys out there younger than me doing this job. What are we going to look like 20 years from now? We need to keep some younger people around here and it's got to be viable. I don't want production agriculture. I am primarily corn and beans, a little bit of livestock. But I don't want to see production agriculture go the way that we're getting with a lot of our livestock with three or four huge groups controlling the market.

Then what you are going to have some day, if you look far enough down the road, you've got to stop paying \$2.35 to get here for gas, pay with something. You wait 30 years down the road until we are importing food into this country and then you are going to see what the high cost of living is.

The CSP is a great thing. I think it's going in the right direction. Let's pay people for doing things the right way and not the wrong way. But we need to keep agriculture the focus of this country. You look at the other countries in the world, China, Brazil, Russia, they're trying to promote and extend their agriculture. Why? Look what it did for this country. We wouldn't be where we are today if it wasn't for a strong, healthy agriculture. We need to keep that up.

We are not going to be as good if we don't keep young people in this and individual thoughts that they have and keep it going. I thank you for coming today, sir. Keep them in your thoughts.

[Applause.]

MODERATOR: Thank you.

Yes, ma'am, please start.

MS. DEB RYUN: My name is Deb Ryun. I am a farmer in Lucas County and also the executive director for Conservation Districts of Iowa (CDI).

The 2007 Farm Bill discussions are well underway in Iowa and across the nation. Producers have long been interested in the U.S. farm policy and programs, but now many others seem to have an interest. WTO agreements will have a big impact on the next Farm Bill. Environmental and other groups are looking hard at dollars spent on farm supports. They support the conservation title and are weighing in on the discussion. Members of what we affectionately call the "hook and bullet" club also are looking at conservation dollars as a way to increase wildlife habitat and also have been very active in the discussions. Economists and many others are involved in the discussions as well.

In the 2007 Farm Bill the Conservation Security Program was enacted because the pressures from around the world are demanding changes in the way the U.S. delivers farm programs. We believe green payments should be the centerpiece of the next Farm Bill, implemented supporting the intent of the CSP legislation. CDI supported the concepts of CSP for many reasons. Farmers in the conservation community developed it. It allowed for a one-stop approach for conservation. All producers were to have been eligible and payments were expected to reward good stewardship practices on an ongoing basis.

CSP was to foster innovation and is WTO compliant and can compliment existing programs. It was supposed to be an uncapped, entitlement program. It is intended to be a full national

program and we believe it should be implemented that way. If rules were developed well and enough funds were allocated, CSP could develop into the only conservation program needed. Having one conservation program would simplify things for farmers and staff. NRCS could get back to the business of whole farm conservation planning and away from the habit of program implementation.

If it is decided that more than one conservation program is necessary, then we believe that the current programs should be reworked into basically three categories. One for set-aside of retirement, one for cost-share assistance, and one for green payments. Combining the current programs into three more flexible programs could give farmers greater ability to implement conservation programs.

One more sentence?

You should be including rangeland, grassland, air, forestry, wildlife and conservation issues all together into one easy-to-use, friendly farmer practice.

MODERATOR: Thank you.

[Applause.]

SECRETARY JOHANNS: What I would ask you to do is, if that's in presentable form, I'd love to have it. I'd love to take it back with me.

MS. RYUN: Can I e-mail it to you? Because I didn't bring -- I brought one copy.

SECRETARY JOHANNS: Absolutely. Just send it to our web site.

MS. RYUN: Very good.

SECRETARY JOHANNS: Okay. Great.

MODERATOR: And if you had read as fast the whole time as you did at the last, you would have been done on time.

[Laughter.]

MODERATOR: Yes, sir.

MR. JOHN HOFFMAN: My name is John Hoffman. Deb is our executive director for Conservation Districts of Iowa. And I wish I could have yielded part of my time. She represented a lot of what we wanted to get across.

My position is that I farm in Black Hawk County and I also teach economics classes at the local university. But I've come here today as a Black Hawk County Soil and Water Conservation Commissioner. We just received notification that 23 of our producers/owners were authorized in the 40,000-acre parcels that we had as part of the watershed. And we thank you for doing that.

I think you need to know that your NRCS people did a magnificent job, put a lot of overtime in to get that done. I could make a lot of points. I will say I was a soil and water commissioner for quite a number of years. Started out with the interest of preserving soil and water.

My interests -- I had a former student that was here, did a marvelous job. His plea to you was, let me get in farming. I hear that every day. I have changed my interests to preserving farmers and you have the keys to doing that. You have the keys to doing that. So I guess then back to my main comments.

Certainly like to see you get in this eight-year cycle get more water sheds in there. Even if you had to jump ahead before the new program comes out, let's get some limitation caps and let's shift those funds that are going to those excessively large farms. And those farms aren't all located in the south. I mean, they are driving real competition for our young farmers in our own area. Let's put those caps on and shift that over to Conservation Security Programs.

MODERATOR: Thank you.

[Applause.]

MODERATOR: All right, sir, your name?

MR. BOB MULQUEEN: Bob Mulqueen. I grew up in Council Bluffs. I currently live and work here in Des Moines. Like one of the earlier speakers, I work for the Iowa Environmental Council.

I wanted to mention that this year the Iowa general assembly passed two pieces of legislation, which have a relationship to two of the focuses of the current Farm Bill. The Iowa Environmental Council helped draft and promote passage of both these. One, Senate File 390 established the system for awarding state tax credits to those who develop and operate small, locally owned, renewable energy. The focus of this bill are farmers, rural, small business owners, school districts, and rural electric co-ops.

The second one, Senate File 200, which creates a fund to award grants to local groups who will undertake watershed-based water quality promotion projects. And, again, the focus is local groups who come to them to make the case that they will do the local watershed-based project.

Now, what, you might ask, is the connection to the 2007 Farm Bill? Well, the groundbreaking energy and the conservation titles of the current Farm Bill, we believe, helped promote action at the state level. And this is one reason why it's vital that at least these two titles be renewed and strengthened in the 2007 Farm Bill.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Yes, sir, you are up next.

MR. VANCE BOWER (sp): Yeah, I'm Vance Bower. I farm together with my brother Vernon in Webster County. I do believe there needs to be a floor for the price and where that needs to be and how it fits in with WTO would take a lot more than two minutes to talk about. There's a lot of things to deal with there. But we do need a floor. Where it is, I don't know.

Some I'm going to talk about some of the things that I guess are pretty important. I think the crop insurance, you know, if they could fund that a little higher, that's a pretty important thing that we have. If there's cuts that need to be made, I guess the first thing to me is payment

limitations. I would fully endorse Senator Grassley's bill that he has been trying to get through for two or three years.

The CSP program has been talked about a lot today. I'm in the Raccoon River watershed. We were supposed to enroll this year. We were all enrolled as of this morning. Our farm was put in level B. There's A, B, C, D, and E. We were one away from A. We are not going to get a contract because there's not enough money. They are only going to take the A's as of this morning.

Another thing is the CRP and I would commend Senator Harkin. I guess one of the best value-added industry we have in this state is livestock. And if he could work on bringing some of that CRP ground and keeping it in grazing land instead of going back into CRP or being plowed up, that would be a big plus for Iowa.

Another thing, Iowa is the number one, corn, soybean, hog, and egg state in the nation. So, Mr. Secretary, if you could give our Congressmen and our Senators some special attention when you are deciding what to do with the Farm Bill. I thank you for taking the time to come visit with us in Iowa.

MODERATOR: Thank you.

[Applause.]

MR. PATRICK HUNE (sp): Mr. Secretary, thank you for the opportunity to speak today and welcome back to Iowa. My name is Patrick Hune. I call Ames home right now, but I am originally from DeWitt, Iowa, which is in the eastern part of the state. I was an ag teacher for three years and an FAA advisor and now I'm back in graduate school for supply chain management.

But today I am here to speak to you about how agriculture has and will continue to support rural America. One common theme I keep hearing is how to keep young people involved in agriculture and in farming production. I believe the 2007 Farm Bill should continue to examine how to strengthen the bond between rural America and agriculture.

Being a young professional in rural American agriculture I have had numerous opportunities to see the firsthand role that education and youth development play in our communities as a youth growing up in 4-H and FFA, and as a teacher, and now as a student again. I have also had the opportunity to be a part of an organization called, Agriculture Future of America, AFA. AFA identifies, encourages and supports college-age youth for preparing for careers in agriculture in the food industry. Since 1997 AFA has, with the support from hundreds of sponsoring partners and communities across the Great Plains and the Midwest, invested in more than 3,500 college students' career preparation and awarded more than 900 college scholarships totaling almost \$3 million.

In your opening comments you stated that a lot of the best ideas don't come from government offices or government officials, but from forums like this. AFA was founded on the same principal. It was an Iowa farm wife and mother called in to a radio show and said, we need help financially in sending our sons and daughters to college. That's how AFA began. Since then these scholarships have funded nearly hundreds of individuals.

In the 2002 Farm Bill Section 7412 provides for youth grants administered by CSREES for national 4-H, FFA, Girl Scouts, and Boy Scouts of America. Agriculture Future of America seeks your support to participate in this grant process. We strongly encourage the Department

and Congress to include AFA as a grant recipient within Section 7412 of the 2007 Farm Bill. I can speak as a former scholarship recipient. It's been a tremendous opportunity. Mr. Root was a facilitator last year at our conference. And thank you for your consideration and being here today.

MODERATOR: Thank you. Thank you very much.

[Applause.]

MODERATOR: Your crowd is growing. Either it's got hotter outside, or hotter in here.

SECRETARY JOHANNIS: It is very comfortable in here, but it is growing.

MODERATOR: Yes, sir.

MR. DAVE SCHWEITZ: Good afternoon, Mr. Secretary, it's nice to see you again. I am Dave Schweitz. I'm with Farm Safety for Just Kids in Earlham, Iowa.

In the next Farm Bill we would like to see some consideration given to farm and ranch safety. Thousands of young kids and adults are seriously injured or killed every year on farms and ranches. We think with this additional emphasis on farm safety and ranch safety these numbers could be drastically reduced.

We are not talking about any new rules or regulations. We don't want to see anything regulated. We would just like to see the opportunity for farmers and ranchers to obtain some additional education and awareness on farm and ranch safety through this new bill.

Thank you very much. Glad you're here.

MODERATOR: You're not the guy who is going to run 55 miles the, are you?

MR. SCHWEITZ: Yes, I think we are.

MODERATOR: You are?

MR. SCHWEITZ: No, I'm not running. No, I'm not.

MODERATOR: I was going to say, if it was you, you look so intelligent. Thank you. That should be a good promotion, Marilyn.

Yes, sir, over here.

MR. JOHN JONAS (sp): Thank you for coming. My name is --

MODERATOR: Speak right into the mike please.

MR. JONAS: Thank you for coming here. This is kind of unique. I've never seen this in the past. My name is John Jonas. I'm from Mount Pleasant, Iowa, but I grew up in northeast Wisconsin. I remember trying to get into farming in the '70s and when I came home from the service, it was great, you know, to think about. But now, 25 years later, it almost looks like genocide out in the countryside. It looks like Kansas, you know, when I harvested wheat. I think I saw more farms in western Kansas in 1980 than I do in Iowa now.

I think with the lack of demand globally we probably have a good chance to up our conservation. And I don't know why we irrigate corn out west and deplete the water supply. You know, we have to keep that in reserve, you know.

And I look at southern Iowa and CRP land, that could be grazing land. Then we can stop importing agricultural products and stop exporting our jobs. I think there could be a great future in agriculture in organics, sustainable agriculture. I look at what it takes to invest in the farm compared to a business in town and it's about five to one and I wonder why, you know, why everything is out of proportion. And the Congressmen and Senators ought to be investigating that more, you know, why is there such a great imbalance?

Thank you.

MODERATOR: Thank you.

[End tape 2, side A.]

[Begin tape 2, side B.]

MALE: [In progress] -- Warren County.

MODERATOR: Start again, your name?

MR. DWAYNE SAND: Dwayne Sand from Warren County.

I believe there are two key policy commitments that will go a long way towards answering the first four discussion questions that you asked these forums to address. And those key policies are payment limits and the Conservation Security Program. I think the focus of the next Farm Bill really needs to be the end of trade distorting subsidies and the transition to green payments such as the Conservation Security Program.

And, Mr. Secretary, I would urge your leadership to start this year and not wait. I think there's two key things you could be working on in that regards. First is, we have budget reconciliation coming up and it's important. I would hope the administration could become more vocal in its support for payment limits and to back up those words with action such as a stricter interpretation and enforcement of existing payment limits, laws, and rules on the books. It would be shameful if this nation resolved its budget problems by cutting conservation, nutrition and rural development programs in order to maintain obscene size checks to America's largest agribusinesses.

Secondly, the rules for the Conservation Security Program are out for comment. I hope that when you rewrite those rules that you will really make Conservation Security Program the program that rewards the best and motivates the rest. Unfortunately, your predecessors nicked and dimed this program in the rulemaking process. So it's only a fraction of what Congress really intended this incentive program to be.

I would hope that CSP is not viewed as another conservation program. I hope it's viewed as the fundamental base program where the government and the public and agriculture interacts in the future.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Over on this side, go ahead, sir.

MR. TOM OSWALD: I too wish to ditto all the comments regarding you being here. Thank you. My name is Tom Oswald. I am a fourth-generation farmer from northwest Iowa and I'm in the business of harvesting the solar energy via growing corn and soybeans.

We no-till and conservation is very high on my list of priorities. I am also a county soil commissioner. In fact, chairman of our county soil commission. I encourage efforts to maintain any of the green type programs and increase their value because I really think the only thing we have to sell is our stewardship.

Along the lines of no-till, I hope the programs encourage continuous no-till as opposed to in-and-out no-till. That's a hot button for me.

Second point of interest is research. I think it's critical for the sustainability of U.S. agriculture that we maintain a high level of agricultural research and support any programs either in D.C. at the local level, whatever. We need to encourage intellectual thought and development. Research is how we should get there.

Along that line on rural development you mentioned the issue of high-speed Internet. I applaud that. I think rural development is an excellent way to go. And along those lines, I'm also a big fan of GPS. I didn't hear much about that, but we need to reinforce that system, if not, along the lines of rural development, have affordable sub-inch GPS correction available such that the technology becomes size neutral and more growers could utilize it.

Finally, on the issue of crop insurance, I think there is something that we have to be concerned about that is unlimited crop insurance. If set up incorrectly it will put us in the same boat as unlimited government payments. You've got to be very careful with subsidies in general and crop insurance could very well have the same double-cutting edge as we've seen with crop subsidies.

Thank you again.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Ma'am.

MS. JULIE CLANCY (sp): Thank you for the opportunity to visit with you today. I am Julie Clancy. I'm a farmer's wife, but unfortunately I hold a full-time job off of the farm so we have insurance to cover my husband and I and our three daughters.

We have heard a lot today about economics, we've heard a lot about environment, but something that I would like you to consider today is the social aspects of the family farm. When I grew up we had neighbors and we were neighbors. And unfortunately with large farms I can drive down the road where there used to be three farms, now there may be none. And that impacts not only the neighborhood, that impacts our communities because our farm wives and our farmers are a lot of times our church leaders, our 4-H leaders, our volunteers who give of their time for nothing in return other than to help our youth turn around and do the same.

So my request for you today is that you look at the social impacts that the large corporate farms are having on losing our small family farms. Thank you.

[Applause.]

MODERATOR: Thank you. That hit a nerve.

Yes, sir.

MR. DENNY HARDING: Welcome back to Iowa, Mr. Secretary. My name is Denny Harding and I work in the area of business development for the Iowa Farm Bureau Federation. I am also still involved in our family farm operation in Calhoun County.

Specifically I work with our members on issues of rural vitality and value-added ag projects, particularly renewable energy. So my comments will be focused on question number five: How can federal rural and farm programs provide effective assistance in rural areas?

First of all, let me take a moment to compliment the Iowa staff of USDA rural development. The working relationship we have has been outstanding and has led to the establishment of many successful farmer-owned ventures throughout the state. As far as programs are concerned, USDA's rural development, value-added ag producer grant program has had a positive impact on Iowa. These funds allowed producers to conduct feasibility studies, develop business plans, and begin the process of business formation. The best example of the use of this program is the establishment of the farmer-owned ethanol plants that now dot the Iowa landscape. In fact, Iowa leads the nation with the establishment of 70 value-added ag projects since this program's inception four years ago.

We would recommend to keep and fully fund the value-added producer grant program because it has not only helped farmers add value to their commodities but has revitalized many of our rural communities.

The second area I would like to address is the energy title of the Farm Bill, specifically Section 9006, which is the renewable energy and energy efficiency improvements program. Section 9006 provides several benefits to those involved in renewable energy projects and energy efficiency. These projects helped Iowa farmers develop new sources of income in addition to cutting costs, they increase our nation's energy security and they provide clean energy for all to use. These projects help farmers develop new income sources that are independent of the fluctuations of commodity cycles. Renewable energy is not just ethanol anymore. What we have done with ethanol we can also do with wind, biomass, and solar as well as energy efficiency, and that is, provide a clean energy industry based on America's heartland. That also provides jobs and rural economic vitality.

We are very concerned that the demand for these programs outstrips the resources. For example, in Iowa we have gone from, I believe, seven projects funded in 2003 to this last round for the energy program, 45 applications were turned in. So like the value-added program, we would like to see Section 9006 fully funded.

Additionally, in 2002, the Section 9005 was an energy audit program that would be very beneficial to farmers. Again, we appreciate the good work that USDA rural development is doing in Iowa and we look forward to working together to achieve the full potential benefits of these important programs.

MODERATOR: Thank you very much.

[Applause.]

MODERATOR: Thank you.

Yes, sir.

MR. SCOTT ENGLEKEY (sp): Yes, Mr. Secretary, my name is Scott Englekey and I'm from Brian County, Iowa. Last year I talked to Secretary Veneman at the Clay County Fair and I had asked her about reopening the border to Japan. And my question to her was, if it is even science-based that you don't want to allow the testing? I don't understand it because I always thought we were always catering to the customer and it was a matter of perception more than anything. If they test all their domestic beef, I don't understand why you would not allow a small packer to test any export-bound beef if it's only export-bound beef.

For your question number one on farm policies that would help small rural communities you can't turn the clock back. We've seen the poultryfication of pork, regretfully. When I talked to Harold Davis in Storm Lake years ago, and head of the Packers and Stockyards Commission, he was investigating some other things that were small and trivial in my view. Because I think what we need to do if you want to reinvigorate it, you would have to give us a national ban of packer ownership of livestock like Senator Grassley was asking for. That may never pass. But, at least, if we could get true and transparent mandatory price reporting, I think if you've got smaller producers there's more opportunity to generate more income in a small community than there would be just being a hired man taking care of someone else's hogs. You used to be able to trade sweat equity to get started farming for capital. But today it seems like you've got to throw a lot of money at it and then you've got to hope they refill your buildings again.

And my last thing was on chemical company buyouts of independent corn producers and independent seed producers. I hope there is some monitoring of that. I don't know if there's nothing wrong with it or what. But it seems like there is less and less independent companies out anymore. They are mostly being bought up by chemical companies.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Yes, sir.

MR. TODD BOGENSCHUTZ: Mr. Secretary, I would like to welcome you to Iowa on this pleasant day in heaven. I don't know if I can convince you every day in heaven is like this. Maybe not. But if not, we developed this weather today just for you. My name is Todd Bogenschutz. I work for the Iowa Department of Natural Resources. I am our upland biologist and also our Farm Bill coordinator representing probably roughly half a million Iowans that hunt and fish in this state and like to recreate in Iowa. Many of these folks are farmers, landowners, and also urban folks like right here in Des Moines. I'm sure you're aware of the difficulties when you have to deal with that diverse of a group. But we represent a lot of different folks.

As an example, in Iowa, the impact of conservation programs within Iowa, in our good pheasant years, which this year looks to be one, we'll probably put roughly 200,000 hunters a field in Iowa.

The impact on Iowa's economy probably will approach a quarter billion dollars and most of that will be in rural areas where we definitely need those kind of dollars. Of course, you are aware that there is a budget reconciliation coming along. Ag programs are going to have to be cut. I think it's going to be inevitable that we are going to see farm programs cut. But I would ask you that you take a balanced approach when it comes to conservation and commodity programs and not single out one side or the other.

I'm sure you're probably aware of this fact, but between 2002 and '06 if you look at the conservation programs, CRP, WRP, CSP, EQIP, there's already been over \$1 billion in cuts over what was authorized in the '02 Farm Bill. So conservation programs have already taken a significant cut. Disproportionate cuts have cut the programs like EQIP and CSP, both set-aside and working lands programs.

Recently at the Iowa ag summit in the rural life poll, I believe there was some information presented there by Paul Lasly and I think Mike's up here. Correct me if I'm wrong, Mike. I don't have the document with me. But the question was asked of Iowa's land owners and producers on that poll, one of the highest points of consensus was support for CRP with 80 percent, I believe, if that's correct, Mike, supporting that program. So conservation is well received within Iowa, especially among our land owners and our producers. I think nationwide conservation is supported. So the continuation of green programs and conservation programs, I would hope you would consider them in this next Farm Bill.

I'll conclude with the fact that our agency is co-located in many, many offices with your staff. We have five area biologists now co-located, first time, within NRCS. We led the nation in buffer enrollments and farmable wetlands programs. And our agency is committed to continuing working with your staff to make those programs a success.

Thank you.

MODERATOR: Thank you.

All right. You can applaud if you feel like. We'll just applaud and talk.

[Applause.]

MR. STEVE CANIG (sp): Thank you, Secretary Johanns for this forum. I am Steve Canig from Bottom County, South Dakota.

Several things I would like to see looked at in the next Farm Bill include looking at what the base prices are as we figure out where the different payments come from. The 2002 Farm Bill was put together when crude oil was at \$15 a barrel and now it's \$65 a barrel. So it's affected the cost of both fuels and fertilizers that we use the inputs into our crops. And I think some sort of adjustment needs to take place when we see one of the inputs triple or quadruple in value.

The second thing I think we need to look at is what about health insurance. One of the things that farm families have a hard time buying and having money for, and use their farm payments for, is buying health insurance. Is there some way that those two can be put together and done at a reasonable rate so that one person doesn't have to work off the farm to keep the family farm going.

Looking at crop insurance, the subsidy levels are for 50, 60, and 70 percent levels. You have a high subsidy level and then when you get to 80 and 85 percent it drops down substantially. My

question is, the guy that only needs 50 percent crop insurance probably could self-insure. Most young producers starting need to be able to go to that 80 and 85 percent level and need to have the subsidies being there and not on the 50 percent level.

I'd like to see the departments within the USDA work more closely together. RMA requires that you give planted acres on June 30th. The FSA offices don't have to certify your acres until July 15th. RMA this year is having heavy penalties if you misrepresent your acres. They need to talk amongst themselves and get one firm date.

I think we need to have an education component where we talk to not only the people that get the welfare, the food stamps and stuff so that they understand what the American producer gets from their programs. So that it needs to be a justice issue that covers both sides that we see what the poorest part of our population needs and they see what we receive as producers.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Yes, sir, I like your hairdo.

MR. JIM SHEETS: We farm in --

MODERATOR: May I have your name again, please?

MR. JIM SHEETS: Jim Sheets. We farm in western Illinois and southern Iowa. I would first like to thank you, Mr. Secretary, for the work again on the CAFTA that was recently adopted as well as the other work that you are doing on behalf of the American farmer. I realize this is a challenge trying to put together a new Farm Bill.

I only have one short comment and that's regarding size of operation or the size limitations. Our operation operates under a corporate structure, however, I have four of my children involved in the business, so there are five families involved in this structure. My concern is that as you write the new Farm Bill, will you take into consideration possibly how many family members are under that corporate structure? It would be unfortunate for our operation to have to split up into five separate entities to capitalize on whatever payments there are. We are not opposed to payment limitations as long as everyone is treated fairly. So with that I know that you have several other issues that you have to address, and most of the other people have done that very well.

Thank you again for coming, Mr. Secretary.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Yes, sir.

MR. MARSHAL MUSIC: Mr. Secretary, I am Marshal Music and I live in northwest Tama County. I would strongly echo the comments made by the lady concerning the social aspect of rural Iowa. My son and I have a grain operation along with a cow herd. I would like to address the situation of we have hay ground, we have pastureland. Some of my neighbors have a hay program as their basic operation and we have received no benefits from those acres. A lot of those pastureland grade farms have been bid away from us. So we cannot go to pasture there.

We can't afford to compete with the person that's getting the bushel advantage by row cropping those acres.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Do we have others who would like to comment in the 12 minutes that we have left?

Yes, sir, your name?

MR. JIM GEEBOCK (sp): Mr. Secretary, I am Jim Geebock, we talked earlier. We've talked about conservation today quite a bit. And it's been brought out that water quality is a key part of that. One thing that we need to be cautious about or we need to maybe encourage from your level is that the Environmental Protection Agency is a key water quality player. And as they go forward we need to make sure there is that communication so that the new Farm Bill and how it encourages conservation and water quality enhancement also includes whatever EPA is wanting us to do. The two things sometimes don't seem to fit together, just deadlines or size or operation or something.

Thank you very much.

MODERATOR: Government agencies working together. Interesting concept.

[Laughter.]

MODERATOR: If we have no other comments from you, we have had, Mr. Secretary, 47 people who have stated their views. So we thank you for sitting so patiently, quietly and listening. Now we will give you your turn.

SECRETARY JOHANNIS: Well, our timing has worked out great here because we wanted to wrap up by 2:30 and I hoped we would have a little bit of time so I could offer a few closing comments. So the timing will be perfect. So I will offer a few thoughts here and then we will get you out the door and you can enjoy a corn dog or what is it? It's a pork chop on a stick here, right? Yeah, it's everything on a stick.

Well, let me start out and say thank you to Ken here. I thought he did a great job. How about a round of applause.

[Applause.]

SECRETARY JOHANNIS: Some months ago when the farm broadcasters were back in Washington I met with them and this is when we first talked publicly about the idea of Farm Bill forums and they liked the idea. They said, that sounds like a good idea. So I said, great, well, we are going to enlist all of you in being moderators and helping us promote these, and they've been great all across the country and done a great job.

I also want to express my appreciation to the young people. We've had young people at all of our forums. It has been my request that we start with someone from FFA and someone from 4-H and we've done that at each forum because that's really what this is all about. Our whole notion

here is that we should be developing farm policy that recognizes that we need to have appropriate policy, good policy for that next generation of farmers or ranchers. And they've done a great job at every forum that we have done. So I really appreciate that. As a former FFA member, when they get up there and do that neat job and handle themselves so well, it really builds confidence, if you will, in the future of agriculture.

I wanted to just spend a moment or two talking about some of the topics that have been mentioned at this forum. I thought it was great. We got great input on really the major titles and some additional areas. One of the things that we talk about in these forums is competitiveness. How do we position ourselves to be competitive in a worldwide marketplace? Well, I have always maintained that our American farmer and rancher can compete with anybody in the world.

Now, I did grow up on that dairy farm in Mitchell County, but I've had the wonderful opportunity as a governor and a mayor and now a Secretary to travel on a worldwide basis. I've seen agriculture really in many parts of the world. I am as convinced as ever that the American farmer and rancher can compete on a worldwide basis. In fact, I don't have any doubts about that. But there are some key elements to that.

One is, we need to make sure that the barriers to our products are brought down. That we have a level playing field. Twenty-seven percent of our receipts do come from the export market. Now, if I were to walk in here today and say, ladies and gentlemen, I've got a great idea, I'm going to adopt policies that jeopardize 27 percent of your receipts. I mean, you would throw me out of Iowa, ask that I be taken out of the country. But that's really what we have involved here is 27 percent of the receipts for agriculture come from the export market. In a state like this where you produce so much corn, so much soybean, pork, you really, really need that export market. Look at our numbers for soybeans. Look at our numbers for pork.

I was sworn into office when -- and I never thought I'd live to see this -- pork prices went to \$8. Remember those days? You remember those days. It wasn't that long ago. We don't ever want to go there again. We have now seen some really good prices the last couple of years, and it relates in a large part to what we are doing in terms of trade. So trade is very important.

I will leave you with another statistic about trade. Ninety-five percent of the world's population doesn't live here. Ninety-five percent of the world's population lives in other parts of the world. American agriculture's productivity increases about two percent annually. It's the most productive machine maybe in the history of mankind. Productivity increases about two percent a year. Our population is increasing a little less than one percent a year. Again, you can see here the importance of developing a worldwide marketplace for our products.

I will also acknowledge it is fairly easy to beat up on trade. You can always find an example of something that didn't quite work right. And so the tendency is to take every trade agreement and say, well, we are not winning here. And that happened recently with the Central American Free Trade Agreement. I appreciate the compliments. We did work hard on that.

I didn't work hard on that because somebody said, well, I think it's a good idea. I studied that agreement very, very carefully when I came to the Secretary's office. Let me tell you what that agreement was about. The Central American Free Trade Agreement was about leveling the playing field. Over the past 20 to 25 years, we have given trade concessions to the Central American countries involved in that agreement. Why? We wanted to improve their economies and therefore improve the opportunity for stable governments and democracy. And that started 25 years ago. We granted them concessions where 99 percent of their ag products came here duty free to compete with you. Ninety-nine percent of their products were already here by prior

agreements, 99 percent of those products were here duty free when it came to agriculture, and were here competing with the products raised in Iowa.

On the other hand, when you went to sell your products there, soybeans and corn and pork and beef, you paid very high duties. Sound like a level playing field to anybody in this room? It wasn't. But, you know what, the policy worked. Where 25 years ago those countries were heading toward dictatorship and communism, quite honestly they have free elections now and growing economies and 44 million people who have opportunity. But it was time to level the playing field. What did CAFTA do? It brought those duties down.

You are a very large soybean producer, the largest in the nation, I think.

MODERATOR: One or two.

SECRETARY JOHANNIS: One or two. Duties on soybeans came down immediately. You're a big beef producing state, on choice and prime cuts, duties came down immediately. On other cuts they will be phased out over a period of time. And I can go commodity after commodity after commodity. This was truly a trade agreement that needed to be passed for American agriculture. And that's what we need to do more of is level the playing field for American farmers and ranchers.

The other piece we haven't spent a lot of time talking about, but it's very, very important is just good tax policy for agriculture. The President's tax cuts have left \$4 billion in the pockets of American farmers and ranchers. \$4 billion. That goes right to the bottom line. As land values have increased, more and more farmers get nicked by the estate tax when they pass land from one generation to another. This administration has stood very, very strongly for the repeal of the estate tax to avoid that from occurring. It seems to me we tax you enough in your lifetime without having to tax you when you pass your land on to the next generation at your death.

Much has been said about energy and the importance of the energy bill. The President had it right in his State of the Union. Four years of debate on an energy bill is enough. Well, just a few days ago he signed that bill. What's the importance to agriculture? We go from a renewable fuel standard or we go to a renewable fuel standard of 7.5 billion gallons. That is significant in a state like this where you produce ethanol and biodiesel. So it's good for the environment, it is good for agriculture, and it lessens our dependence on foreign oil. I would much rather turn to the fields of Iowa to fuel our energy needs than to turn to the fields of the Mid-East.

I am a great believer in ethanol. In fact, I was the chairman of the Governor's Ethanol Coalition. I was vice chair when your governor was the chairman. I was vice chairman when Tom Vilsack was the chairman. We have heard a lot about the support programs, payment limitations, what works, what doesn't work. Someone said to me when we announced these forums, they said, "aren't you going to go out there and hear more of the same?" I said, "No, I don't think so." And you know what, we haven't heard more of the same.

Thoughtful people like you are raising issues that are very, very important to the future of agriculture. Our policy should be about stabilizing and growing the economic future for farmers, ranchers, and rural America.

I had the privilege of growing up on that dairy farm. I love to joke about it, but quite honestly for me it was a privilege. It's probably the most significant thing that happened in my life, to grow up on that dairy farm.

My hope is that as young people grow up in rural America and they examine the options that are available to them, whether it's going on for law school, or medical school, or vet school, or whatever it is, that one of the options that is available to them is that they can stay in the community in which they grew up and find a good job, or farm or ranch. If that is available, then I believe we are doing farm policy right.

We now have five of these forums that we have done and every one of them has been a great opportunity for us to learn and to listen. We intend to be all across the country. I'll be in every region of the country before it's said and done. There will be many special opportunities for me. But I will tell you, it has been a very, very special opportunity for me to come back to the state where I grew up and to hear from you about the direction of our farm policy. I do thank you for that opportunity. I thank my relatives for showing up here and being with me. If you go back and you see my sister, Pat, in Osage, tell her I found work in Washington. All right?

[Laughter.]

VOICE: [Off mike.]

SECRETARY JOHANNNS: Great. I want to say hi and shake as many hands as we can as we wrap up this forum. So, come on down, all right. Thank you.

[Applause.]

MODERATOR: Mr. Secretary, before you go here, this was donated to you. This is the pork chop on the stick. So enjoy it here.

Thank you to everyone. Thank you to A V. Thank you guys for the lights. Terri Teuber, thank you. We are adjourned. Have a good time at the fair.